29 March 2010

The Hotel Corporation plc

Final Results for the Year ended 31 December 2009

The Hotel Corporation plc ("the Company"), an AIM listed investment company owning 49.9%[1] of Puma Hotels plc ("PHP"), announces its final results for the year ended 31 December 2009. PHP is today separately announcing final results for the year ended 31 December 2009.

[1] On 29 June 2009, when the PHP 20 million convertible preference share equity raise was completed, HCP subscribed to 11,770,000 convertible preference shares. Therefore, if in the future all the convertible preference shares are converted into ordinary shares, HCP will, on a fully converted basis, own 53.28% of PHP.

Highlights

- Term of PHP senior debt facility extended by three years to 31 December 2012
- £20 million PHP equity raising successfully completed, with HCP subscribing to £11.77m in preference shares
- Final HCP Dividend of 1.8p (2008: 2.6p), making a total of 3.6p for the year (2008: 5.3p).
- Significant planning permissions secured by PHP:
  - 107 bedroom lodge hotel in Harrogate;
  - 42 additional bedrooms, conference space, bar and restaurant at Brighton Old Ship
- Investment properties prove resilience, despite tough hotel operating environment, with valuation decline restricted to 4.2%

Barclay Douglas, Chairman of The Hotel Corporation plc, said:
"This has been an encouraging year for the Group. The senior debt facility extension provides Puma Hotels with the flexibility to optimise shareholder returns. PHP is also well placed to continue to obtain additional planning consents and to execute its development plans. We are also expecting the first distribution from our holding of PHP convertible preference shares during 2010 which we anticipate will enable us to increase the dividend in respect of the current year."

Press enquiries

The Hotel Corporation	**0207 638 9571**
Barclay Douglas	
Puma Hotels plc	
Howard Shore	
Peter Procopis	**0207 408 4050**
Shore Capital and Corporate Ltd	**0207 408 4090**
Andrew Raca	

Notes to Editors

1. Puma Hotels plc 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 2,872 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 6 September 2007, PHP owned and operated each of the 20 hotels. From 6 September 2007 PHP 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. PHP's hotel locations are shown below:

		Bedrooms	No. of meeting rooms	Health & Leisure	Location
CENTRAL ENGLAND					
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
NORTHERN ENGLAND					
9	Barceló Blackpool Imperial Hotel	180	15	Y	Coast
10	Barceló Harrogate Majestic Hotel	167	10	Y	City
11	Barceló Redworth Hall Hotel, Co. Durham*	143	10	Y	Country
12	Barceló Shrigley Hall Hotel, Cheshire*	148	12	Y	Country
SCOTLAND					
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
SOUTHERN ENGLAND					
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
WALES					
20	Barceló Cardiff Angel Hotel	102	7	N	City
	Total	**2,872**	**222**		

***** *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

I am pleased to report on the results of The Hotel Corporation plc ("the Company") and its subsidiary Puma Hotels plc ("PHP"), together "the Group". The Group's Financial Statements are drawn up to include the results of the Company for the year and the results of PHP from the date of acquisition on 29 June 2009 to 31 December 2009. The Company's Financial Statements are drawn up from 1 January 2009 to 31 December 2009 and comparatives figures are given for a full year.

The Company's principal asset comprises its interest in PHP and this statement therefore discusses the results of both the Company itself and PHP. During June 2009 both Companies successfully completed their respective fundraisings and PHP then concluded the refinancing of its bank borrowings, with a three year extension to 31 December 2012. The Company raised £12.16m, before placing costs, in new equity and invested £11.77m in the £20m convertible preference share issue by PHP. These events have created an environment in which PHP can pursue its medium term strategy and create value for shareholders in an optimal fashion. If all the convertible preference shares held by the Company are converted into ordinary shares in the future the Company will, on a fully converted basis, own 53.28% of PHP. While we have no present intention of exercising our conversion rights, International Financial Reporting Standards ("IFRS") rules dictate that we must consolidate the PHP results into our accounts. I will comment upon the Company results and the consolidated results separately.

For consistency with previous periods, the consolidated balance sheet of PHP itself, as at 31 December 2009, the consolidated profit and loss account and consolidated statement of cash flows of PHP for the year ended 31 December 2009 are also provided as an appendix to this report. I recommend that they be read in conjunction with the results that follow.

Results of the Company

Revenue for the year, including bank interest, was £2.00m (2008: £2.07m) and, after deducting administrative expenses and interest but before unrealised gains and losses, profit amounted to £1.81m (2008: £1.86m). In addition, an investment loss amounting to £9.7m (2008: loss of £21.6m) arising from the measurement of the company's investment in the ordinary shares of PHP at their fair value, has been recognised in accordance with IFRS. Including this investment loss, total loss before tax was £7.9m (2008: loss of £19.7m). No tax is payable for the year due to the zero income taxation provisions in the Isle of Man. Basic and diluted earnings per share were (18.5p) (2008: (57.0p)) including these investment losses, and 4.3p (2008: 5.4p) without them.

The Company's net asset value per share, as at 31 December 2009 is 131p (2008: 182p) and the company has valued its shareholding in PHP on the basis of the discounted future net cash flow from PHP. PHP's accounts, prepared under UK Generally Accepted Accounting Principles, include a valuation of its portfolio of 20 hotels of £463.2m (2008: £483.5m). This valuation includes £3m (2008:£3.5m) of land and other assets, at PHP Director's valuation, not subject to the Barceló lease. The valuation of the assets subject to the Barceló lease was carried out by Colliers Robert Barry & Co, independent valuers, as at 31 December 2009. Against the backdrop of a general decline in the hotel operating environment this is a modest reduction of 4.2% from the previous year, and reflects the quality of the assets and the tenant's covenant strength. The PHP net-asset value per share is 165p under UK Generally Accepted Accounting Standards (UK GAAP) (2008: 270p per share), after allowing for the carried interest attributable to the PHP Founder shares. The movement during the year reflects the £20m reduction in valuation and assumes a full conversion of the 20m convertible preference shares.

Consolidated Results of the Company

As I indicated above, we are now for the first time consolidating the PHP results within our own results. I draw your attention to the fact that the Consolidated Statement of Comprehensive Income therefore reflects the Group results for the period dating from the Company's investment in PHP convertible preference shares on 29 June 2009 through to 31 December 2009 and the Company's results from 1 January 2009 to 31 December 2009.

The Group revenue for the year, including bank interest, was £16.1m and, following administrative expenses and interest but before unrealised gains and losses, the loss amounted to £0.7m. After an investment loss of £22.5m the total loss before tax was £23.2m. A deferred taxation credit of £10.8m reduces the loss after tax to £12.4m. Basic earnings per share were (9.03p).

As required by IFRS, the consolidated statement of financial position of the Group takes account of goodwill, the fair value of interest rate swaps and deferred tax adjustments on consolidation. The resulting consolidated NAV per share is 138.6p.

Dividend

The Company has proposed a final dividend of 1.8p per ordinary share (2008: 2.6p), making a total of 3.6p for the year (2008: 5.3p). This level of dividend reflects the enlarged issued share capital. The ex-dividend date will be 31 March 2010 and the record date 6 April 2010. Payment will be made to shareholders shortly after the Annual General Meeting on 7 May 2010. The total dividends paid, £1.8m (2008: £2.5m) reflect the profits for the year before investment losses and tax.

Going Concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's Report, together with the financial position of the Group. The Group's valuation of its properties and borrowing facilities are set out in the Puma Hotels plc Review of Operations and Financial Performance. The maturity of the Group's debt facility has been extended until 31 December 2012, interest rate hedges are in place for 100% of the facility and the rental income benefits from guarantees provided by Barceló Corporation Empresorial SA. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully.

Prospects

It has been an encouraging year for both the Company and PHP. Also, since the year end significant planning permissions have been secured at Harrogate and Brighton. PHP is well placed to continue to obtain additional planning consents, execute its development plans and in due course consider selective asset disposals as the investment market recovers. The senior debt facility extension provides the flexibility to optimise the shareholder returns from these activities. We are also expecting the first distribution from our holding of PHP convertible preference shares in respect of the period to 30 June 2010 which we anticipate will enable us to increase the dividend payment in respect of this period.

Barclay Douglas
Chairman
25 March 2010

Puma Hotels plc Review of Operations and Financial Performance

The operations of the Group are concentrated within Puma Hotels plc ("PHP") hence a review of operations and financial performance for PHP under UK Generally Accepted Accounting Standards ("UK GAAP") has been provided.

Introduction

Since the granting of leases to Barceló Group ("Barceló") on 6 September 2007, PHP trades as an owner of hotel property receiving income from property rents. PHP's hotels are let on 45 year FRI leases to Barceló, a leading Spanish hospitality group with substantial global hotel and other leisure related operations.

Financial Performance

Turnover for the year ended 31 December 2009 of £30.0m represents rent received from Barceló (2008: £28.5m). Operating profit of £24.0m (2008: £20.6m) has grown over the prior year reflecting the benefit of the increase in rent and the reduction in overhead costs.

After deducting bank interest payable on the PHP's senior facility, PHP showed a net profit of £0.6m (2008: Loss of £1.5m) before bank interest, Shareholder Finance Costs and exceptional items. The Shareholder Finance Costs comprise £4m of payments to bondholders of the PHP's deep discounted bonds and a notional, non-cash finance charge relating to the convertible preference shares of £0.7m. The exceptional item is the non-cash charge of the deficit on revaluation of properties of £2.1m. Therefore, after deducting these items the loss on ordinary activities for the year is £6.2m (2008: £8.8m).

Net bank interest payable was flat against the prior year. As previously reported the maturity of PHP's senior facility with Anglo Irish Bank was extended by three years to 31 December 2012. The effective date of this extension was 13 July 2009, at which time the margin on the facility increased from 175bps to 250bps. The additional interest arising from the increased margin was largely offset by a lower cost of funding and by the reduction in the principal amount of the facility. Commencing on 1 January 2010, the new interest rate SWAPs executed in April 2009, are in operation and will reduce annual interest costs by an average of £3.5m p.a. over the next three years (compared to interest payable for the year ended 31 December 2009).

As discussed below, PHP has had the leased properties professionally revalued as at 31 December 2009 and, as a result, is now carrying its entire portfolio at a total value of £463.2m (2008: £483.5m). As part of the revaluation process, each individual property has been assigned a new value, in some cases eliminating the brought forward valuation surplus, hence leading to a charge to the profit and loss account of £2.1m (2007: £3.3m). This charge is a non-cash item which is shown as a "deficit on revaluation". The remainder of the revaluation deficit has been taken against the valuation surplus in the balance sheet after which the 31 December 2009 balance of the revaluation reserve is £84.7m (2008: £105.1m).

Leases and Property Revaluation

The asset values on the balance sheet of PHP reflect the lease arrangements with Barceló. These leases place full repairing and insuring ("FRI") obligations on the tenant and provide guaranteed rental growth over the first four years; this is inflation-indexed thereafter and can also increase if hotel EBITDA (as defined in the agreement with Barceló) performs well.

In addition to the tenant's FRI obligation, the agreement with Barceló also provides for a £10m capital expenditure contribution to be made by PHP in the first 10 years of the leases.

This contribution is to be spent on structural and mechanical improvements by Barceló. To date, PHP has contributed £4.3m of which Barceló have spent £2.3m during 2009 bringing the total spent by Barceló since inception of the lease to £3.0m. The amount spent during 2009 is capitalised by PHP and taken into account when calculating the year end valuation adjustment.
Since inception of the leases, Barceló have also spent a significant amount of their own funds on capital improvements and on repairs and maintenance expenditure.

For the purpose of preparing its annual financial statements for 2009, PHP has had the property subject to these leases professionally valued by Colliers Robert Barry. This valuation of each property in the portfolio, which excludes land held for development and other assets not subject to the Barceló lease, is at £460.2m. The Board of PHP considers that the current value of the assets excluded from the lease is a further £3.0m.

Against the backdrop of a general decline in the hotel operating environment, the 31 December 2009 valuation has fallen by a modest 4.2% from the 2008 valuation, reflecting the quality of the assets, capital expenditure made and an improvement in the general investment market.

Anglo Irish Bank Debt Facility Extension

As detailed in PHP's 2009 interim results announcement, PHP has extended the term of its senior debt facility with Anglo Irish Bank Limited ("Anglo Irish"). This facility was due for repayment on 31 December 2009 but will now mature on 31 December 2012. In a volatile and difficult credit market, this extension by three years represents a key milestone in safeguarding PHP's financial position. Key features of the extension are:

- The facility was reduced to £332.3m from its previous ceiling of £350m (of which £347.5m was drawn) on 13 July 2009. PHP funded this reduction, together with associated costs, by raising an additional £20m in new equity primarily from PHP's existing shareholders.

- The new equity was issued in the form of cumulative convertible preference shares. These preference shares bear a cumulative 7% p.a. coupon beginning in 2010 and are convertible into new ordinary shares on a 1 for 1 basis. Of the £20m subscribed, £11.77m was subscribed by The Hotel Corporation plc, the AIM-listed investment company which owns 49.92% of PHP's ordinary shares.

- Anglo Irish have agreed that there will be no further loan to value covenant testing for the duration of the facility (i.e. up to and including 31 December 2012). This provides significant stability to shareholders in the current market.

- The margin on the facility has increased from 1.75% to 2.5% from 13 July 2009.

- The maturity of PHP's outstanding bonds has also been extended to align it with the Bank facility, although approximately £2m of these bonds was, as previously scheduled, redeemed on 30 June 2009. Also, the outstanding bonds have been listed on the Channel Islands Stock Exchange and continue to earn a return of 12% per annum.

Development Plans

In the past, PHP has successfully exploited the potential for gains in value through developing the portfolio by adding extra rooms, conference and other facilities. PHP continues to seek additional planning permissions as well as to monitor and protect planning permissions already granted. Three significant applications lodged during 2009 were determined in February 2010, and PHP secured these planning consents:

1. **Harrogate Lodge Hotel:** Granted by Harrogate Borough Council this planning consent allows for the development of a 107 bedroom lodge hotel on land that is part of the development assets excluded from the Barceló lease. The proposed hotel will be directly linked into a new 3,400 sq m exhibition facility which is to be built as part of the first phase in the redevelopment of the Harrogate International Centre (HIC), approval for which was granted at the same time as that for the 107 bedroom lodge. We are in discussions with branded hotel companies in relation to this development opportunity.

   As part of PHP's discussions with the HIC, their building plans will also provide improved access into the HIC from the four star 170 bedroom Barceló Majestic Hotel, for which a planning consent already exists to extend the hotel by a further 85 bedrooms.

2. **Brighton Old Ship Hotel:** Planning consent has been secured for a 3,000 sq m development at this waterfront, city centre hotel which will add 42 bedrooms (a 27% increase to existing room stock), a 248 sq m conference facility and 124 sq m of bar and restaurant facilities.

3. **Gatehouse at Combe Grove Manor:** Planning and listed building consent obtained for a 30% extension of the internal space at this attractive residential property that is part of the development assets excluded from the Barceló lease.

In overall terms, PHP has the potential to add over 800 rooms (over 25 per cent of the current estate) of which 519 rooms (2008: 370 rooms, therefore a 40% increase in consented rooms) 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 PHP and Barceló. The value of the development potential of the portfolio is not typically fully recognised in a professional valuation and PHP therefore believes that fulfilling the programme may add significantly to net asset value over time.

Strategy and Plans

Having concluded the extension of the maturity of its senior debt facility to 31 December 2012, PHP has significantly strengthened its financial position. In addition, the interest rate SWAPs put in place and the reduction in overheads, provide predictability over PHP’s cashflows. Whilst the value of the Group’s assets reflects a modest reduction, rental income has increased. PHP’s financial position is further supported by Barceló’s strong covenant which has proven to be of significant benefit during the turbulent operating environment which has impacted the global hotel sector over the last two years.

In the medium term, there is also the opportunity to unlock significant value by gaining additional planning consents, executing PHP’s development plans and considering selective asset disposals as the investment market recovers. The Board of PHP considers that as the investment market recovers, PHP’s assets should once again prove highly attractive because of the longevity of the leases and the associated indexation. The extended maturity of the senior debt provides the flexibility to optimise the potential returns to shareholders with the intention of liquidating assets and returning capital to investors prior to the new maturity of the senior debt and shareholder bonds.

Post balance sheet date events

As detailed above, three planning consents which were lodged during 2009 were determined in February 2010. Therefore, PHP has secured consent for a 107 bedroom lodge on land excluded from the Barceló lease at Harrogate. At the Barceló Old Ship Hotel, Brighton PHP secured consent for a 3,000 sq m development which includes 42 bedrooms, 248 sq m of meeting space, and 124 sq m of bar and restaurant facilities. At the Gatehouse at Combe Grove, planning and listed building consent has been obtained for a 30% extension of the internal space at this attractive residential property that is part of the development assets excluded from the Barceló lease.

Prospects

PHP is well placed to maximise shareholder value having extended the maturity of the senior facility, and having reduced interest costs and operating overheads. The planning permissions secured represent valuable additions to an already substantial development bank across the portfolio from which PHP expects to realise value as the hotel operating environment improves. Looking ahead, the rent from Barceló is due to increase to £31 million in September 2010 and is RPI linked thereafter.

Consolidated Statement of Comprehensive Income

	Notes	2009 £'000	2008 £'000
Continuing Operations			
Revenue	8	16,116	1,986
Administrative expenses		(1,891)	(215)
Loss on change in fair value of investment property	3	(22,474)	-
(Loss)/Profit from operations		(8,249)	1,771
Bank interest receivable		32	88
Loss on change in fair value of interest rate swaps		(1,240)	-
Investment surplus - unrealised		1,117	(21,602)
Interest payable		(14,840)	-
Loss before tax		(23,180)	(19,743)
Tax	5	10,803	-
Loss after tax for the year		**(12,377)**	(19,743)
Total comprehensive loss for the year		**(12,377)**	(19,743)
Attributable to:			
Owners of the Company		**(3,833)**	(19,743)
Non controlling interests		**(8,544)**	-
		(12,377)	(19,743)
Earnings per share			
Basic and diluted from continuing operations	7	(9.03p)	(57.0p)

Consolidated Statement of Financial Position

Assets	Notes	2009		2008	
		£'000	£'000	£'000	£'000
Non - Current Assets					
Intangible assets – Goodwill	2		28,382		-
Investment Property	3		463,170		-
Investments			-		61,221
Current Assets					
Trade and Other Receivables		1,502		11	
Cash and Cash Equivalents		10,401		1,697	
			11,903		1,708
Total Assets			503,455		62,929
Liabilities					
Current Liabilities					
Trade and Other Payables		14,016		28	
Fair Value of Interest Rate Swaps		2,251		-	
Non - Current Liabilities					
Borrowings	4	348,545		-	
Fair Value of Interest Rate Swaps		16,222		-	
Deferred Tax Liabilities	5	33,718		-	
			398,485		-
Total Liabilities			414,752		28
Net Assets			88,703		62,901
Equity					
Share Capital		2,491		1,731	
Share Premium Account		11,015		-	
Retained Earnings		55,540		61,170	
Equity attributable to owners of the Company		69,046		62,901	
Non controlling interest		19,657		-	
			88,703		62,901
Net Asset Value per share (Based on number of shares in issue at year end)			138.6p		182p

The financial statements were approved by the Board of Directors and authorised for issue on 25 March 2010.
They were signed on its behalf by:

………………. ……………….

Barclay Douglas **David Craine**

Consolidated Statement of Changes in Equity

	Share Capital £'000	Share Premium Account £'000	Non controlling interest £'000	Retained Earnings £'000	Total £'000
Balance at 31 December 2007	**1,731**	**33,300**	**-**	**50,106**	**85,137**
Loss for the year	-	-	-	(19,743)	(19,743)
Dividend	-	-	-	(2,493)	(2,493)
Transfer of Share Premium	-	(33,300)	-	33,300	-
Balance at 31 December 2008	**1,731**	**-**	**-**	**61,170**	**62,901**
Acquisition of Puma Hotels plc on 29 June 2009 (note 5)	-	-	27,874	-	27,874
Capital contribution from non-controlling interest	-	-	327	-	327
Loss for the year	-	-	(8,544)	(3,833)	(12,377)
Issue of share capital	760	11,400	-	-	12,160
Placing costs	-	(385)	-	-	(385)
Dividends	-	-	-	(1,797)	(1,797)
Balance at 31 December 2009	**2,491**	**11,015**	**19,657**	**55,540**	**88,703**

Consolidated Statement of Cash Flows

	2009 £'000	2008 £'000
Net Cash Inflow/(Outflow) From Operating Activities	11,135	(216)
Investing Activities		
Interest Received	32	88
Proceeds received on the maturity of Investments	1,986	1,986
Net cash on acquisition of a subsidiary	15,224	-
Interest paid	(14,605)	-
Net cash from Investing Activities	2,637	2,074
Capital Expenditure		
Purchase of tangible fixed assets	(97)	-
Sale of tangible fixed assets	463	-
	366	-
Financing Activities		
Shares Issued	12,160	-
Placing Costs	(384)	-
Dividends Paid	(1,797)	(2,493)
Term loans repaid	(15,000)	-
Bonds repaid	(14)	-
New term loan issue costs	(399)	-
Net cash used in Financing Activities	(5,435)	(2,493)
Net increase/(decrease) in cash and cash equivalents	8,704	(635)
Cash and cash equivalents at beginning of year	1,697	2,332
Cash and cash equivalents at end of year	10,401	1,697

Company Statement of Comprehensive Income

	Notes	2009 £'000	2008 £'000
Continuing Operations			
Revenue	8	1,986	1,986
Administrative expenses		(188)	(215)
Profit from operations		1,798	1,771
Bank interest receivable		10	88
Investment losses – unrealised		(9,663)	(21,602)
Loss before taxation		(7,855)	(19,743)
Taxation		-	-
Comprehensive loss for the year		**(7,855)**	**(19,743)**

Earnings Per Share	7	**2009**	**2008**
Basic and diluted		(18.5 p)	(57.0p)

Company Statement of Financial Position

Assets	Notes	2009 £'000	2009 £'000	2008 £'000	2008 £'000
Non-Current Assets					
Investments	6		63,328		61,221
Current Assets					
Receivables		8		11	
Cash and Cash Equivalents		1,712		1,697	
			1,720		1,708
Total Assets			65,048		62,929
Liabilities					
Current Liabilities					
Trade and Other Payables		24		28	
Total Liabilities			24		28
Net Assets			65,024		62,901
Equity					
Share Capital		2,491		1,731	
Share Premium Account		11,015		-	
Retained Earnings		51,518		61,170	
Equity attributable to owners of the Company			65,024		62,901
Total Equity			65,024		62,901
Net Asset Value per share (Based on number of shares in issue at year end)			131p		182p

The financial statements were approved by the Board of Directors and authorised for issue on 25 March 2010.

They were signed on its behalf by:

……………….
Barclay Douglas

……………….
David Craine

Company Statement of Changes in Equity

	Share Capital £'000	Share Premium Account £'000	Retained Earnings £'000	Total £'000
Balance at 31 December 2007	**1,731**	**33,300**	**50,106**	**85,137**
Loss for the year	-	-	(19,743)	(19,743)
Dividend	-	-	(2,493)	(2,493)
Transfer of Share Premium	-	(33,300)	33,300	-
Balance at 31 December 2008	**1,731**	**-**	**61,170**	**62,901**
Loss for the year	-	-	(7,855)	(7,855)
Dividend	-	-	(1,797)	(1,797)
Shares Issued	760	-	-	760
Premium on Shares Issued	-	11,400	-	11,400
Placing costs	-	(385)		(385)
Balance at 31 December 2009	**2,491**	**11,015**	**51,518**	**65,024**

Company Statement of Cash Flows

	Notes	2009 £'000	2008 £'000
Net Cash Outflow From Operating Activities	22	(189)	(216)
Investing Activities			
Interest Received		10	88
Proceeds received on the maturity of Investments		1,986	1,986
Preference Shares in Puma acquired		(11,770)	-
Net cash (used in)/from Investing Activities		(9,774)	2,074
Financing Activities			
Shares Issued		12,160	-
Placing Costs		(385)	-
Dividends Paid		(1,797)	(2,493)
Net cash from/(used in) used in Financing Activities		9,978	(2,493)
Net increase/(decrease) in cash and cash equivalents		15	(635)
Cash and cash equivalents at beginning of year		1,697	2,332
Cash and cash equivalents at end of year		1,712	1,697

Notes to the Accounts
For the year ended 31 December 2009

1. Basis of Accounting

The financial information set out in the announcement does not constitute the company's statutory accounts for the years ended 31 December 2008 or 2009. The financial information for the year ended 31 December 2008 is derived from the statutory accounts for that year which have been delivered to the Registrar of Companies. The auditors reported on those accounts; their report was unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain a statement under s15(4) or (6) Companies Act 1982 of the Isle of Man.

The statutory accounts will be prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB"). Details of the accounting policies that will be applied in the statutory accounts will be set out in the 2009 Annual Report and Accounts.

The financial statements have been prepared on the historical cost basis, except for the revaluation of investment property and financial instruments. The financial statements are rounded to the nearest thousand except where otherwise indicated.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of The Hotel Corporation plc ("the Company") and its subsidiary Puma Hotels plc ("PHP"), which is controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. The Group's Financial Statements are drawn up to include the results of the Company for the year and the results of PHP from the date of acquisition on 29 June 2009 to 31 December 2009. This is the first year consolidation and hence, the comparative figures are the Company's numbers only.

The additional investment in PHP was made mid-year, consequently there is a six month profit and loss and cash flow impact on the Company on a consolidated basis.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated comprehensive income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Non controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non controlling interests consist of the amount of those interests at the date of the original business combination (see below) and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the non controlling interests in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non Current Assets Held for Sale and Discontinued Operations, which are recognised and measured at fair value less costs to sell.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Going Concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's Report, together with the financial position of the Group. The Group's valuation of its properties and borrowing facilities are set out in the Puma Hotels plc Review of Operations and Financial Performance. The maturity of the Group's debt facility has been extended until 31 December 2012, interest rate hedges are in place for 100% of the facility and the rental income benefits from guarantees provided by Barcelo Corporation Empresorial SA. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully.

Revenue recognition

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. During the year the Group and Company did not have any finance leases.

2. Acquisition of Subsidiary

The Company had adopted the provisions of IFRS3, Business Combinations (2008). On 29 June 2009 the Company purchased 11,770,000 convertible preference shares of Puma Hotels plc (PHP). The Company already held 16,550,000 ordinary shares of PHP. If this holding were to be converted into PHP ordinary shares the Company's combined investment would be 53.28%. The table below details the calculation of fair value of net assets acquired upon acquisition of subsidiary, PHP.

	Acquiree's carrying amount GAAP	**Fair Value Adjustment under IFRS**	**Net assets acquired under IFRS**
	£'000	**£'000**	**£'000**
Net Assets acquired			
Goodwill	8,221	(8,221)	-
Investment Property (note 13)	486,010	-	486,010
Bank and Cash balances	26,994	-	26,994
Trade Payables	(13,898)	-	(13,898)
Bank Loan	(347,152)	-	(347,152)
Bonds	(33,150)	-	(33,150)
Deferred tax liability	-	(44,521)	(44,521)
Interest Rate Swaps	-	(17,233)	(17,233)
	127,025	(69,975)	57,050
Fair value of previously held interest			(45,788)
Non controlling interest share of fair value assets acquired			(27,874)
Goodwill arising on acquisition			28,382
Total consideration satisfied by cash			11,770

Net Cash inflow arising on acquisition	**£'000**
Cash consideration paid	(11,770)
Cash and cash equivalents acquired	26,994
Net cash inflow arising on acquisition	15,224

Notes to the Accounts
For the year ended 31 December 2009 (continued)

3. Investment Property

Fair Value	2009 £'000	2008 £'000
At 29 June 2009 (Date of Puma acquisition)	486,010	-
Additions	97	-
Disposals	(463)	-
Decrease in fair value during the year	(22,474)	-
At 31 December 2009	463,170	-

4. Borrowings

	2009 £'000
Unsecured borrowing at amortised cost	
Bonds	16,600
	16,600
Secured borrowing at amortised cost	
Bank loans	332,345
Accrued finance cost	(400)
	331,945
Total borrowings	348,545
Amount due for settlement within 12 months	-
Amount due for settlement after 12 months	348,545

In the prior year the Company did not have borrowings, hence no comparative figures have been provided.

The other principal features of the group's borrowings are as follows:

i. The group has bank loans with Anglo Irish Bank Limited that mature on 31 December 2012. All loans bear interest at variable rates based on LIBOR but are subject to the interest rate protection instruments outlined in note 25. The total interest charge in the current year resulted in an average interest rate of 7.47%. All the bank loans are fully drawn down. The borrowings are secured against the investment property (note 3).

ii. The Group has no finance lease obligations.

Notes to the Accounts
For the year ended 31 December 2009 (continued)

iii. The final redemption date for the bonds is dependent on the issuer Puma (Finance) plc issuing a redemption notice. This redemption notice will not be issued prior to 31 December 2012. On redemption the bonds will return the equivalent of 6% compound return every 6 months based on the discounted subscription price of the bonds. They are not secured against any of the assets of the Group.

5. Provision for Liabilities

Deferred tax liability

	Group 2009 £'000	Company 2009 £'000	Group and Company 2008 £'000
Deferred taxation			
At beginning of year	**44,521**	-	-
Transfer to statement of comprehensive income	**(10,803)**	-	-
	33,718	-	-

6. Investments

Company Investments

Classified as:	**2009 £'000**	**2008 £'000**
Investment at Fair Value	**46,778**	44,671
Bonds Held to Maturity	**16,550**	16,550
	63,328	61,221

Investments at Fair Value

	2009 £'000	**2008 £'000**
Fair value at start of year	**44,671**	66,273
Investments made during year	**11,770**	-
Decrease in fair value	**(9,663)**	(21,602)
Fair value at end of year	**46,778**	44,671

Notes to the Accounts
For the year ended 31 December 2009 (continued)

The investment classified as 'Fair Value' shown above represents a holding of 16,550,000 ordinary shares of £1 par value in Puma Hotels plc ("PHP"), which comprises 49.92% of the issued share capital of that company and 11,770,000 Convertible Preference shares in PHP of £1 carrying a cumulative 7% coupon commencing in 2010.

In determining the fair value attributable to the ordinary shares and convertible preference shares in PHP, the Directors drew upon the discounted future net cash flows arising from PHP and utilised that net asset value for each ordinary share, including an assumed conversion of all of the convertible preference shares held in PHP by the Company, making an appropriate adjustment for the carried interest attributable to the founder shares in PHP. If all the convertible preference shares were converted the subsequent holding would represent 53.28% in the issued share capital of PHP.

For the purpose of preparing its 31 December 2009 financial statements, PHP has used the external professional valuation of its Hotel portfolio completed by Colliers Robert Barry & Co Chartered Surveyors, independent valuers, as at 31 December 2009.

The convertible preference shares in PHP will rank ahead of the ordinary share capital in a winding up of PHP and can be converted into ordinary shares in the capital of PHP at any time at the option of the holder of these preference shares upon 21 days notice. These preference shares don't carry the right to vote except on a resolution modifying the rights attaching the preference shares.

Investments held to maturity	**2009 £'000**	**2008 £'000**
At start of year	**16,550**	16,550
Redeemed in year	**(1,986)**	(1,986)
Amortisation of discount	**1,986**	1,986
At end of year	**16,550**	**16,550**

The investments included above represent investments in unsecured deep discount bonds issued by Puma (Finance) plc, a subsidiary of Puma Hotels plc, maturing at nominal value on 31 December 2012. The bonds have a coupon rate of 12%. During the year the bonds were listed on the Channel Island Stock Exchange.

The maturity profile of the bonds held at 31 December 2009 is shown below:

Maturing	**Nominal Value**	
	2009 £'000	**2008 £'000**
Within one year	-	17,543
One to two years	-	-
Two to three years	16,550	-
Total	**16,550**	**17,543**

Notes to the Accounts
For the year ended 31 December 2009 (continued)

7. Earnings Per Share

Earnings : Company	Company 2009 £'000	Group and Company 2008 £'000
Earnings for the purposes of basic earnings per share being net loss attributable to owners of the Company	(7,855)	(19,743)

Number of Shares	2009	2009
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share.	42,448,091	34,619,050

There were no convertible instruments in existence as at 31 December 2009 and therefore diluted earnings per share does not differ from the basic earnings per share.

Earnings : Group	2009 £'000
Earnings for the purpose of basic earnings per share being the net comprehensive consolidated loss for the year attributable to the owners of the Company	(3,833)

The preference shares issued by PHP are non-dilutive for the calculation of diluted earnings per share because the Group is loss making.

8. Revenue

An analysis of the Group's and Company's revenue is as follows:

	Group	Company	Group and Company
	2009	**2009**	**2008**
	£'000	**£'000**	**£'000**
Continuing operations			
Property rental income from management agreement with Barceló Hotels and resorts	15,123	-	-
		-	-
	15,123		
Amortisation of discount on bonds held to maturity	993	1,986	1,986
	16,116	1,986	1,986

£15,123,000 property rental income represents 6 months worth of revenue attributable to the Group, post acquisition of the Company's subsidiary, Puma Hotels plc. The Group's turnover, loss before taxation and net assets are derived from its principal activity within the UK.

9. Post Balance Sheet Events

As detailed in the Chairman's Statement, three planning consents which were lodged during 2009 were determined in February 2010. As a result, PHP has secured consent for a 107 bedroom lodge on land excluded from the Barceló lease at Harrogate. At the Barceló Old Ship Hotel, Brighton PHP secured consent for a 3,000 sq m development which includes 42 bedrooms, 250 sq m of meeting space, and 124 sq m of bar and restaurant facilities. At the Gatehouse at Combe Grove, planning and listed building consent has been obtained for a 30% extension of the internal space at this attractive residential property that is part of the development assets excluded from the Barceló lease.

On 25 March 2010 the Company declared a dividend of 1.8p pence per share. The ex-div date will be 31 March 2010 and a record date of 6 April 2010. Payment will be made to shareholders on 9 May 2010.

10. Share Capital - Company

On 26 June 2009 the Company issued 15,200,000 new ordinary shares of 5p each at a placing price of 80 pence per share to raise £12.16 million (before placing costs). The total number of shares in issue at 31 December 2009 was 49,819,050.

Appendix
For the year ended 31 December 2009

Puma Hotels plc
Consolidated Profit and Loss Account
Year ended 31 December 2009

	Year ended 31 December 2009 £'000	Year ended 31 December 2008 £'000
TURNOVER	30,000	28,455
Cost of sales	-	-
GROSS PROFIT	30,000	28,455
Other administrative expenses	(3,873)	(4,540)
Administrative expenses - exceptional (Deficit on revaluation of properties)	(2,102)	(3,283)
Total administrative expenses	(5,975)	(7,823)
OPERATING PROFIT	24,025	20,632
Interest receivable and similar income	39	71
Interest payable and similar charges	(30,301)	(29,482)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	(6,237)	(8,779)
Tax on loss on ordinary activities	-	3
LOSS FOR THE FINANCIAL YEAR	(6,237)	(8,776)
Equity dividend paid	-	-
RETAINED LOSS FOR THE FINANCIAL YEAR	(6,237)	(8,776)

Puma Hotels plc
Consolidated and Company Balance Sheet
Year ended 31 December 2009

	Group As at 31 December 2009 £'000	Company As at 31 December 2009 £'000	Group As at 31 December 2008 £'000	Company As at 31 December 2008 £'000
FIXED ASSETS				
Intangible assets – goodwill	7,960	-	8,481	-
Tangible assets	463,170	-	483,520	-
Investments	-	469,668	-	469,668
	471,130	469,668	492,001	469,668
CURRENT ASSETS				
Debtors	1,494	556,286	2,387	479,376
Cash at bank and in hand	8,689	8,689	8,748	8,748
	10,183	564,975	11,135	488,124
CREDITORS: amounts falling due within one year	(13,992)	(404,892)	(361,846)	(625,872)
NET CURRENT (LIABILITIES)/ASSETS	(3,809)	160,083	(350,711)	(137,748)
TOTAL ASSETS LESS CURRENT LIABILITIES	467,321	629,751	141,290	331,920
CREDITORS: amounts falling due after more than one year	(385,095)	(302,355)	(33,155)	-
PROVISION FOR LIABILITIES	-	-	-	-
NET ASSETS	82,226	327,396	108,135	331,920
CAPITAL AND RESERVES				
Called up share capital	1,658	1,658	1,658	1,658
Share premium account	32,137	32,137	32,137	32,137
Revaluation reserve	84,732	-	105,104	-
Profit and loss account	(36,301)	293,601	(30,764)	298,125
EQUITY SHAREHOLDERS' FUNDS	82,226	327,396	108,135	331,920

Puma Hotels plc
Consolidated Statement of Total Recognised Gains and Losses
Year ended 31 December 2009

	Year ended 31 December 2009 £'000	**Year ended 31 December 2008 £'000**
Loss for the financial period	(6,237)	(8,776)
Unrealised (deficit)/surplus on revaluation of properties	(20,372)	(44,321)
Total recognised losses relating to the year	(26,609)	(53,097)

Puma Hotels plc
Consolidated Cashflow statement
Year ended 31 December 2009

	Year ended 31 December 2009 £'000	Year ended 31 December 2008 £'000
Net cash inflow from operating activities	26,636	18,621
Returns on investments and servicing of finance		
Interest received	39	71
Interest paid	(27,894)	(26,480)
Interest paid on finance leases	-	(12)
Dividends paid	-	-
Net cash outflow from returns on investments and servicing of finance	(27,855)	(26,421)
Taxation		
Corporation tax paid	-	-
Capital expenditure		
Purchase of tangible fixed assets	(2,587)	(1,564)
Sale of tangible fixed assets	463	-
Net cash outflow from capital expenditure and financial investment	(2,124)	(1,564)
Net cash outflow before financing	(3,343)	(9,364)
Financing		
New term loans raised	-	13,929
Issue of preference share capital	20,000	-
Term loans repaid	(15,000)	-
Bonds repaid	(1,124)	(2,448)
New term loan issue costs	(592)	(195)
Repayment of principal under finance leases	-	(153)
Net cash inflow from financing	3,284	11,133
(Decrease)/Increase in cash	(59)	1,769

Note

The accounting policies used in arriving at these figures are consistent with those which will be published with the full financial statements. There are no changes in accounting policies from those used in the prior period.

The financial information set out above does not constitute the group's statutory accounts for the year ended 31 December 2009 or 2008 but is derived from those accounts. The auditors have reported on those accounts; their reports were unqualified and did not contain statements under s. 15(4) or (6) Companies Act 1982 of the Isle of Man.

The preliminary announcement has been prepared on the basis of the financial information presented by the directors in the statutory accounts for the year ended 31 December 2009 which will be delivered to the Register of Companies following the company's annual general meeting.