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Peel Hotels PLC
19 May 2009

PEEL HOTELS PLC (the "Company")

Purchase of Hotel

The Company announces that on 18 May 2009 contracts were exchanged for the acquisition by the Company for the business and assets (including the freehold property) of the 95-bedroom Norfolk Royal Hotel, Bournemouth, for a consideration of £8.25 million to be completed on 1 June 2009 (when the consideration will become payable).

The purchase price is to be paid in cash, and is to be funded as to £8.25 million by new borrowings from the Company's bank.

The Hotel turnover in its financial year 2008 was £2,772,000 and earnings before interest and depreciation were of £706,000 noting that profitability was affected in the period by a large bedroom refurbishment project costing in excess of £1million, which resulted in a substantial number of bedrooms being unavailable during the period.

The Hotel is AA listed four star, and is located on Richmond Hill in Bournemouth Town Centre. The Hotel fits within the Company's strategy of the purchase of medium-sized City Centre Hotels of AA four star standard, and where possible freehold land. The acquisition will enable the Company to make continued use of its financial instruments to "hedge" future interest rates and will save a significant amount of capital gains tax arising from the sale of the Avon Gorge Hotel in 2007.

Peel Hotels Plc

Robert Peel, Chairman, - 020 7286 6823

Nominated Adviser

KBC Peel Hunt Ltd - David Davies - 020 7418 8900

- Nicholas Marren - 020 7418 8900

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