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This communication is directed only at (i) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 ("Order") (investment professionals) or (ii) persons falling within Article 49(2)(a) to (d) of the Order (high net worth companies, unincorporated associations etc) (all such persons referred to above being "Relevant Persons"). Any investment activity to which this communication relates will only be available to and will only be engaged with Relevant Persons.

23 December 2013

Action Hotels plc

("Action Hotels" or the "Company")

Admission and First Day of Dealings on AIM

Action Hotels plc (AIM: AHCG), an owner, developer and asset manager of branded three and four star hotels in the Middle East and Australia, is pleased to announce the admission of its entire issued and to be issued ordinary share capital to trading on the AIM market of the London Stock Exchange, and the commencement of dealings at 8.00am today, Monday 23 December 2013.

Admission highlights:

- The Group has raised £30.5 million (before expenses) through a placing of 47,637,195 new ordinary shares at 64 pence per share;
- The total number of Ordinary Shares in issue at Admission is 147,637,195, giving the Group a market capitalisation of approximately £94.5 million at the Placing Price;
- The proceeds of the Placing will be used to fund development of the hotel pipeline;
- Pro forma net asset value at Admission is \$170.1 million (£103.7 million);
- The Company's major shareholder, Action Group Holdings ("AGH"), is not selling any ordinary shares; and
- Sanlam Securities is Nominated Adviser and sole Broker to the Company; Chrystal Capital acted as placing sub-agent under Sanlam Securities.

Overview:

The business of Action Hotels was established in 2005 with the intention of developing a leading economy and midscale hotel business focused on the undersupplied and high growth markets in the Middle East. Hotel room supply in the GCC (Gulf Cooperation Council) countries is principally geared towards the luxury end of the market, meaning that the penetration of branded economy and midscale hotels has been historically low. However, a number of factors are driving strong demand for quality affordable hotel accommodation such as an emerging middle class within the GCC, an increase in intra-regional leisure and business travel and increased budget airline capacity in the region.

The Company's current operating portfolio consists of six hotels, of which five are in the Middle East and one in Australia, with a total of 1,004 rooms. A further two hotels are under construction and due to open by the end of 2014 which are expected to add a further 470 rooms. In addition, the Group has a development pipeline of six hotels which are expected to add 1,032 rooms, expanding the portfolio to 2,516 rooms by 2016.

The Group develops and actively manages its hotel portfolio, working with established international branded hotel operators under long-term management agreements, including Accor SA (ibis), InterContinental Hotels Group (Holiday Inn and Staybridge Suites) and Whitbread (Premier Inn).

The operating hotels in the Middle East have achieved well above average market occupancies, with strong operating performances and have demonstrated the viability of branded economy and midscale hotels in each of their locations. The average break-even occupancy level of 33 per cent. across the portfolio is low compared to the upscale and luxury hotel segments.

Action Hotels is a profitable and cash generative business. From 2010 until 2012 (year ended 31 December), gross profit increased from \$15.2 million to \$21.2 million) and adjusted EBITDA increased from \$3.1 million to \$8.8 million (a CAGR of 68.5 per cent.). In the six months ended 30 June 2013, the Company achieved gross profit of \$11.6 million and adjusted EBITDA of \$4.8 million. Pro forma net asset value at admission is \$170.1 million.

The Company intends to use the proceeds of the Placing to fund its hotel development pipeline. Growth is expected to be driven by improving the performance of the existing hotel portfolio, delivering the pipeline of new hotels and through developing new opportunities by leveraging the Company's growing reputation in the sector and its strong network of contacts both in the industry and in its target markets.

Action Hotels believes that it possesses a number of strengths that give it a competitive advantage, namely:

- it operates an existing and attractive hotel portfolio;
- its business is exposed to the high growth economies of the GCC;

- there are strong drivers for market growth including an increase in intra-regional leisure and business travel and expansion of budget airline capacity;
- there is limited competition with high barriers to entry. Current demand is serviced by unbranded and independent hotels which offer inconsistent quality of service and product;
- it has strong, long-standing relationships with leading international branded hotel operators;
- it is an asset-backed business with the majority of hotels under freehold ownership; and
- its management team has extensive experience in the hotel and hospitality industry.

A copy of the Company's admission document can be found at its website: www.actionhotels.com.

Commenting on Action Hotel's admission to AIM, Alain Debare, Chief Executive Officer of Action Hotels plc, said:

"Over the past eight years we have established a successful and profitable hotel business which is well-placed to take advantage of the significant growth opportunities for branded economy and midscale hotels across the Middle East. The move to become a listed company is the next logical step for us. It will enable us to solidify Action Hotels' position in the region and to access capital markets for the development of our hotel pipeline. We have high aspirations for Action Hotels and this listing on AIM will provide increased visibility and recognition with our global partners, driving opportunities for continued growth."

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Defined terms used in this announcement have the same meaning as set out in the Company's admission document dated 17 December 2013.

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be responsible to anyone other than the Company for providing the protections afforded to its clients, nor for providing advice in relation to the Placing and Admission, the contents of this announcement or any transaction, arrangement or other matter referred to herein.

About Action Hotels

Action Hotels is an owner, developer and asset manager of branded three and four star economy and midscale hotels in the Middle East and Australia. The Group's objective is to become a leading owner, developer and asset manager of branded economy and midscale hotels in key Middle East markets and Australia. Action Hotels has completed six hotels, of which five are in the Middle East and one is in Australia, with a further two hotels under construction (both in the GCC), one hotel expansion and another six Pipeline projects (one in Australia and the remainder in the GCC).

The business of Action Hotels was established as a wholly owned subsidiary of Action Group Holding Company (K.S.C.C.), a private Kuwait based conglomerate which has public and private interests across a range of sectors including energy, real estate, and hotels, in the Middle East, Australia and Europe. As at 31 December 2012, AGH held assets of \$968 million and produced an operating income of \$50 million.

The Directors believe that Action Hotels has the following key strengths which form the foundation of its success to date, competitive differentiation and its growth strategy.

Attractive hotel portfolio

Action Hotels has a portfolio of three and four star hotels located in the Middle East and Australia. The Group's hotels are conveniently located, close to key transport links, business areas, main shopping areas, local attractions or airports. Each of the Group's hotels is of recent construction and is subject to regular maintenance and repair schedules.

The Group's portfolio also includes 11 long stay apartments serviced by the Holiday Inn Muscat. These apartments target another segment of the economy and midscale accommodation market, offering an additional revenue stream.

In addition to the two hotels under construction in Bahrain and Sharjah, the Group is planning a further six hotel projects across Bahrain, Oman, Saudi Arabia, the UAE and Australia. If completed in full, it is expected that the Pipeline will add a total of 1,512 rooms by the end of 2016. Based on their experience with the current portfolio, the Directors expect that these properties will contribute positively to Action Hotels' earnings within a short period of the hotels opening.

Exposure to high growth economies

Action Hotels' portfolio gives it exposure to the growing hotel markets in the GCC. The GCC controls almost half of the world's oil reserves and despite being among the first to be affected by the global financial crisis, its member states have been able to demonstrate sustained economic growth and recovery through programmes of economic diversification. GDP growth is forecast to continue in the Group's target markets at an average of 4.0 per cent. per year between 2012 and 2018, outperforming the more developed markets in Europe (1.0 per cent.) and the USA (2.9 per cent.) over the same period.

Strong market growth prospects

The Directors consider the economy and midscale branded hotel market in the GCC to be a growth sector due to the strong business drivers, as set out below, and the shortage of such hotels in the region.

In the Middle East, on the supply side, there is limited competition from other regional owners of branded economy and midscale hotels and the current announced pipeline of branded hotels in the region is predominantly in the upscale and luxury segments.

On the demand side, the GCC is experiencing rapid urbanisation due to a growing population and emerging middle class, which has resulted in a significant boom in construction and infrastructure projects across the region (over US\$2.9 trillion of planned infrastructure projects announced by the GCC region's governments in 2011), leading to an increase in regional business and leisure travellers. In addition, continued growth of intra-regional travel and budget airlines capacity within the GCC are expected to fuel further growth in demand for hotels from business and leisure travellers.

In Australia, the Group, through trust arrangements, beneficially owns the ibis Glen Waverley in Melbourne and it plans to open another hotel in Brisbane, which is due to start construction in 2014. The economy and midscale markets in Australia have performed well, with high average room rates and strong demand from domestic business and leisure travellers. The Group's expansion in Australia has been opportunistic and has further developed its strong relationships with Accor. RevPAR for the ibis Glen Waverley grew at a CAGR of 15 per cent. from 2010 to 2012.

High barriers to entry

There are high barriers to entry in the GCC owing to a combination of local ownership requirements and difficulty in acquiring appropriate real estate. International branded hotel operators therefore generally have to work with local partners in the region. The Group enjoys longstanding relationships with influential decision makers in the region and has a strong network of contacts in the hospitality and real estate sectors.

Strong relationships with leading international branded hotel operators

The Group has strong relationships with leading branded hotel operators in the economy and midscale sectors and to date has entered into long-term management agreements (10 to 20 years) with Accor SA, a wholly owned subsidiary of InterContinental Hotels Group PLC and Premier Inn Hotels LLC (Whitbread PLC).

The hotel operators with which the Group has developed relationships are market leaders in the global hospitality industry: ibis, for example, recently won 'Best Budget Hotel Brand' at the Business Traveller Middle East Awards in 2013.

Action Hotels determines the most appropriate brand for each property and location on an objective basis and benefits from the market position of the operators. This drives the market's perception of the hotel and enhances distribution channels, which ultimately improves the hotel's revenue generation. On a like for like basis, a leading brand will generally command a premium over local unbranded competition.

Asset backed ownership and lower development costs

Action Hotels is an asset-backed business that has built its hotel portfolio by developing freehold assets (83 per cent. of its 1,004 operating rooms) and, in one case, through a lease (17 per cent. of its operating rooms). The pro forma net asset value of the Group at Admission is \$170.1 million.

Economy and midscale hotels have lower development costs than upscale and luxury hotels as they can make more effective use of real estate and have turn-key and lower design specifications. As the project build is simpler, the construction execution risk is reduced and, once opened, a combination of strong operating performance and lower development costs should result in higher returns.

The Directors expect to grow the portfolio of hotels through a mix of freehold, long term lease and conversion opportunities. The inclusion of leasehold properties should allow for faster growth with lower capital expenditure whilst maintaining control of the asset.

Experienced management team

Action Hotels' management team has extensive experience in the hospitality industry. The Group's Chief Executive Officer (Alain Debare) has 18 years' experience in the hotel and hospitality industry. The Group's Finance Director (Alaister Murray) has 26 years' finance experience, of which just under 10 years were in the hospitality industry. In addition, members of the Board have extensive regional expertise and the Group's founder and Chairman, Sheikh Mubarak, has excellent relationships with key and influential decision makers across the region.

The economy and midscale hotel sector in the GCC

Hotel room supply in the GCC is principally geared towards the luxury end of the market. This is most evident in the UAE which is well known for its luxury hotels, servicing both leisure and business

travellers. Accordingly, hotel brands in the GCC typically offer a significantly higher product quality than in more developed hotel markets.

Market penetration of branded economy and midscale hotels in the GCC has historically been low relative to the luxury sector; however, as the GCC economies and tourism industries have grown so has the demand for quality, affordably priced accommodation.

Economy and midscale branded hotels currently only represent 22 per cent. of branded hotel supply. Demand is primarily serviced by unbranded and independent hotels and serviced apartments which are generally considered to offer an inconsistent quality of service and product.

Hotels in operation and pipeline:

The Group has completed six hotels operating in four countries, comprising 1,004 rooms and has two hotels under construction comprising 470 rooms, both of which are expected to be open by the end of 2014. The following table summarises Action Hotels' portfolio of currently operating hotels and hotels under construction:

In operation

Hotel	Country/City	Rooms	Opened	Tenure	<i>Year to date 30 June 2013</i>		
					Occupancy %	ADR \$	RevPar \$
ibis Glen Waverly	Australia, Melbourne	155	2007	Freehold	66	154	102
ibis Salmiya	Kuwait, Kuwait City	175	2008	Leased	86	123	106
ibis Muscat	Oman, Muscat	171	2009	Freehold	82	87	71
ibis Amman	Jordan, Amman	158	2009	Freehold	85	75	64
ibis Sharq	Kuwait, Kuwait City	160	2010	Freehold	83	95	78
Holiday Inn Muscat	Oman, Muscat	185	2013	Freehold	-	-	-

Hotels under construction:

Hotel	Country/City	Rooms	Opening	Tenure
Premier Inn	UAE, Sharjah	166	2014	Freehold
ibis Seef	Bahrain, Manama	304	2014	Freehold

Hotel construction yet to start:

Hotel	Country/City	Rooms	Opening	Tenure
ibis Salmiya (expansion)	Kuwait, Kuwait City	10	2014	Leased
Premier Inn Bahrain	Bahrain, Manama	119	2014	Leased*
Premier Inn Jeddah Industrial	Saudi Arabia, Jeddah	90	2015	Leased*
ibis Brisbane	Australia, Brisbane	368**	2015	Freehold
Premier Inn Dubai Health Care City	UAE, Dubai	215	2015	Leased*
ibis Sohar	Oman, Sohar	128	2016	Freehold
Staybridge Suites Abu-Dhabi	UAE, Abu-Dhabi	112	2016	Leased*

Note:

* Option to lease.

** Planning consent received for 289 rooms; application has been submitted to increase to 368 rooms.

Dividend policy

The Directors intend to declare a final dividend of 0.96p per share for the year ending 31 December 2013 which is expected to be paid in April/May 2014 (other than to AGH which has agreed to waive its entitlement to it) and thereafter it is the Board's intention to implement a progressive dividend policy subject to the usual considerations.

The Directors of Action Hotels plc at Admission are as follows:

Sheikh Mubarak (Non-Executive Chairman), aged 37, is the founder and Vice Chairman of AGH (AGH). As Vice Chairman of AGH, Sheikh Mubarak oversees its investment activities, with a particular emphasis on real estate development and acquisitions in the GCC, Europe and Australia.

He is a Graduate of The Royal Military Academy Sandhurst in the UK and holds an M Phil in International Relations from University of Cambridge and a BA (Hons) in Political Science with Economics from Buckingham University. Sheikh Mubarak was honoured as a Young Global Leader in 2009 by the World Economic Forum and is a member of the Young Presidents Organisation in the Middle East. He is also actively involved in Kuwait-British Relations and a member of The Royal Institute of International Affairs (RIIA).

Sheikh Mubarak is also the founding Chairman of Qurain Petrochemical Industries Company K.S.C., a publicly listed company in Kuwait with over 40,000 shareholders, net assets in excess of \$1 billion and profit before taxation of \$81 million (year ended 31 March 2013). He also serves as a board member of EQUATE, Kuwait's first and largest international joint venture in the petrochemical sector with a net profit in excess of \$1 billion. Sheikh Mubarak also serves on the board of Egypt Kuwait Holding, a MENA investment company, with a diversified portfolio of investments, with net assets of \$2.3 billion.

As founding non-executive Chairman of Action Hotels, Sheikh Mubarak oversees the setting and implementation of the group's strategy and through his extensive relationships across the region and hotel industry is actively involved in the identification of new developments.

Stefan Allesch-Taylor (*Non-Executive Deputy Chairman*), aged 44, has served as either Chairman or CEO of firms in the property, retail, medical, industrial and financial services sectors in the UK, US and Europe, in both public and private companies.

He is the co-founder and supervisory board member of Global Evolution, a hedge fund and long only fund specialising in emerging markets and serves as a supervisory board member of Nordfinanz Bank AG, a German commercial bank. He is a Non-Executive Director of Clearbrook Capital Private Equity, ISG, a sports management company, and co-founder and Chairman of The Coffeesmiths Collective. He serves on the advisory board of Roland Berger (UK), one of the largest strategy consultants in the world. In the charity sector, he is the Co-founder and Chairman of The Afri-CAN Cafes, a South African NGO and serves as Chairman of Pump Aid, a UK charity providing clean water to over a million people in rural Africa.

Alain Debare (*Chief Executive Officer*), aged 41, has spent his entire career in the hospitality industry and, in particular, management of hotels, and has extensive experience of hotel operations as well as hotel development. He joined the Group in February 2008 and has been key to its growth. Alain focuses on real estate development, oversees hotel projects from initiation to completion to ensure that the Group's investment objectives are achieved. Using his sector knowledge and hands-on expertise, Alain works closely involved with the operators to increase profitability and the performance of operating hotels.

Prior to joining the Group, Alain held various management positions with leading hotel management companies, including Mandarin Oriental and Hilton Hotels Corporation. He joined Hilton in 1996 and worked his way through hotel operations to reach general management. Alain has broad international management and operations experience having worked in the Philippines, France, Venezuela, Brazil, Spain and the GCC. He received a BA in Hotel Management from Institut Paul Bocuse - IGL Lyon in France and has also obtained a certification in hospitality investments and asset management from Cornell University. He speaks fluent French, English, Spanish and Portuguese and is a member of HAMA (Hotel Asset Managers Association).

Alaister Murray (*Finance Director*), aged 47, is a British national, an honours graduate in Accounting and an Irish Chartered Accountant. He spent ten years with PWC in Northern Ireland and then in Dubai in its business assurance and corporate finance departments.

For the past sixteen years he has worked in industry, initially in the oil and gas sector (Emirates National Oil Company Limited, a substantial integrated oil business) and then in the hotels sector where, from 2002 until 2012 he was Chief Financial Officer of the Jumeirah Hotel Group and Jumeirah Hotels and Resorts. Whilst there he was responsible for its global finance function and reported to the Executive Chairman and board of the Jumeirah Hotel Group.

Raymond Chigot (*Non-Executive Director*), aged 68, is a veteran hotelier with over forty years' experience in hospitality after a successful career in hotel operations and development with Holiday Inn and Hilton Hotels.

He was involved in the early development of Holiday Inn in Europe, moving to the development of Holiday Inn in MENA. He then joined Hilton International as Senior Vice President, driving the company's growth in EMEA and was involved in the opening of 50 new Hilton Hotels in 31 countries during his tenure.

Raymond is an accredited expert at the Court of Appeal in Paris and at O.M.E.C.A. (Organisation Mondiale des Experts-Conseils-Arbitres) in Paris.

John Johnston (*Non-Executive Director*), aged 55, has spent his entire career in investment management, initially in fund management then in equity sales.

He began his career at General Accident as a trainee fund manager, subsequently working at Ivory & Sime, Murray Johnson and Legg Mason. In 2003 he established Revera Asset Management and was its CEO until 2007. In 2008, he joined Seymour Pierce as a managing director in Institutional Sales & Trading where he was involved in various IPOs and secondary fund raisings including the successful IPO of Supergroup plc. In 2011 he left Seymour Pierce to join Nomura Code in a similar role. After leaving Nomura Code he established Johnston Asset Management, which is his own consultancy.