

2 October 2014

Action Hotels PLC

("Action Hotels", "Action", "the Group" or the "Company"),

Action Hotels announces addition to its development pipeline in the Emirate of Ras Al Khaimah, UAE

Action Hotels, the leading owner, developer and asset manager of branded three and four-star hotels in the Middle East and Australia, is delighted to announce an addition to its committed hotel pipeline.

Action is in the final stages of agreeing terms with an international partner, the identity of which will be announced in due course, for a long term management agreement to operate a 104 room three star hotel, located in the heart of the commercial district of Ras al-Khaimah (U.A.E.) (the "Ras al-Khaimah Hotel") by September 2015.

The Emirate of Ras al-Khaimah is located in the northern part of the UAE, bordering Oman's exclave of Musandam. It has one of the UAE's fastest growing free trade zones with over 7,500 international registered companies to date. It is also experiencing strong GDP growth which is estimated to grow at 4.8% p.a. to 2023.

Action has identified a significant opportunity to provide branded economy and midscale accommodation in the Ras al-Khaimah market which is predominantly serviced by upper-upscale and luxury hotel accommodation.

Action Hotels have signed a 20 year lease agreement on an existing residential development and will undertake a refurbishment and conversion of the interior of the Ras al-Khaimah Hotel, which is expected to be completed and fully operational by September 2015. The expected project cost to Action Hotels is US \$4.8m representing a development cost of approximately US \$46,200 per room and will contribute to the 2015 EBITDA. This will be funded from existing cash and debt facilities available to the Group.

The property has been developed as a residential property and is owned by Action Real Estate Company ("AREC"). AREC will lease the property to Action

Hotels for an initial period of 20 years for an annual rent of AED 2.5m, subject to a 10% increase every 5 years or adjusted on compound inflation rate as published by the Central Bank of the UAE, whichever is the highest.

As Action Hotels and AREC are controlled by the same parent company, the lease agreement between Action Hotels and AREC constitutes a related party transaction under the AIM Rules for Companies. The independent directors of Action Hotels consider, having consulted with their nominated adviser, finnCap, that the terms of the lease agreement are fair and reasonable insofar as the Company's shareholders are concerned.

The Company's Chairman and Founder, Sheikh Mubarak A. M. Al Sabah commented; "In addition to our pipeline of nine hotels we are actively pursuing new hotel developments and I am delighted to confirm the addition of this 104 bedroom hotel to our pipeline. Ras-al Khaimah is a region we know well and believe that its three and four star hotel sector is undersupplied. It is also exciting to be partnering with a well-known brand in the region and we believe this hotel will be suited to their product offering, targeting intra-regional business and leisure travellers. As we highlighted at the time of our interims results earlier this month, this development underpins our strategy of using both freehold and leasehold models to accelerate growth in room numbers. Whilst we have shown to enjoy significant development uplifts on our freehold hotels, leasehold hotels are less capital intensive and which the Board believes will lead to accelerated EBITDA growth."

-Ends-

For further enquiries please contact:

Action Hotels plc

Katie Shelton, Director of Communications

+44 (0) 77 9977 0588

About Action Hotels

www.actionhotels.com

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 GCC), one hotel expansion and another seven Pipeline projects (one in Australia and the remainder in the GCC).