

5 August 2014

Action Hotels plc ("Action Hotels" or "AHC" or the "Company")

New Management Contract

Action Hotels announces Accor as its partner for the first Novotel branded hotel in Kuwait

Action Hotels, the leading owner, developer and asset manager of branded three and four star hotels in the Middle East and Australia, is pleased to announce that, further to the announcement of 29 May 2014, a memorandum of understanding has been signed with leading hotel operator Accor for the management of the new 160 room freehold hotel which will be built in the prime business district of Sharq in Kuwait City. The hotel will be a four star offering and will be branded as a Novotel which is the mid-scale hotel brand within the Accor portfolio.

Construction of the hotel is scheduled to commence in H1 2015 with completion expected in 2017. The development of this freehold hotel is currently expected to cost approximately \$29million, an average of \$181,000 per room, in addition to the \$12.3 million already paid to secure the plot of land. The Board is considering various funding options which are likely to include locally sourced long term bank debt secured on the hotel and other of AHC's debt-free freeholds.

AHC's existing two Accor hotels in Kuwait, ibis Salmiya and ibis Sharq trade strongly with occupancy figures for ibis Sharq and ibis Salmiya of 84.4% and 88.4% respectively for the 6 months to June 2014. Additionally these two hotels achieved the highest gross operating margins within AHC's portfolio for the same period resulting from the economies of scale associated with commercial synergies and sharing of overheads between the two hotels. With this third hotel, Novotel Kuwait, being under the same brand stable (Accor), management are expecting to generate further economies of scale.

As previously announced, the Novotel Kuwait is in addition to the pipeline of hotels announced at the time of IPO and will increase Action's room count to 2,660. The Company will continue to pursue opportunistic prime leasing and acquisition targets across the GCC and remains committed to its target of having 5,000 hotel rooms by 2020.

Commenting on the new development Christophe Landais, Accor Middle East Chief Operating Officer, "The new Novotel in Kuwait confirms Accor's commitment to bringing world-class mid-market hotels to the region. Our partnership with Action Hotels is highly significant as we bring the first Novotel hotel development in the State of Kuwait".

Sheikh Mubarak A.M. Al-Sabah, Chairman, Action Hotels said: "We are pleased to partner with Accor for the development of Kuwait's first Novotel. This is a great addition to our growing portfolio of economy and mid-market hotels in the Middle East. We strongly believe that the Novotel brand, which is at the forefront of the mid-market hotel segment, will drive superior returns. We look forward to working with Accor again on the development of this new hotel."

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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 six Pipeline projects (one in Australia and the remainder in the GCC).