

Terms of reference for the Remuneration Committee of the Board of Directors of

Dalata Hotel Group p.l.c. (the "Company")

Board Approval: [] 2014

Effective Date: The date on which the ordinary share capital of the Company is admitted to trading on the Enterprise Securities Market (ESM) of the Irish Stock Exchange and the Alternative Investment Market (AIM) of the London Stock Exchange p.l.c.

There shall be established a committee of the board, duly constituted in accordance with the main provisions of the UK Corporate Governance Code and the Irish Corporate Governance Annex thereto (the "Governance Code"), the Quoted Companies Alliance Corporate Governance Code for Small to Mid-size Quoted Companies and the Company's articles of association, to be known as the Remuneration committee.

References to 'the committee' are to 'the Remuneration committee'.

References to 'the board' are to 'the board of directors'.

1. MEMBERSHIP

- 1.1. The board shall appoint the committee chairman who should be an independent non-executive director. The chairman of the board shall not be the chairman of the committee. In the absence of the committee chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting from those who would qualify under these terms of reference to be appointed to that position by the board.
- 1.2. Members of the committee shall be appointed by the board on the recommendation of the nomination committee and in consultation with the Remuneration committee chairman. All of the members of the committee shall be independent non-executive directors of the board for the time being. The committee shall have at least two members.
- 1.3. Only members of the committee have the right to attend committee meetings. However, other individuals such as the external advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary.
- 1.4. Appointments to the committee are made by the board and shall be for a period of up to three years, which may be extended for no more than two additional three year periods, provided the director still meets the criteria for membership of the committee.
- 1.5. The members of the committee can be varied at any time by a majority resolution of the existing members of the committee save that any additional appointment must still be an independent non-executive director.

2. SECRETARY

The company secretary or his or her nominee shall act as the secretary of the committee.

3. QUORUM

The quorum necessary for the transaction of business shall be two, both of whom must be independent non-executive directors. A duly convened meeting of the committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the committee.

4. FREQUENCY OF MEETINGS

The committee shall meet at least [twice] a year and otherwise as required or as agreed between the members of the committee.

5. NOTICE OF MEETINGS

- 5.1. Meetings of the committee shall be called by the secretary of the committee at the request of the committee chairman.
- 5.2. Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the committee, any other person required to attend and all other non-executive directors, if any, no later than [five] working days before the date of the meeting. Supporting papers shall be sent to committee members and to other attendees as appropriate, at the same time.

6. MINUTES OF MEETINGS

- 6.1. The secretary shall minute the proceedings and resolutions of all committee meetings, including the names of those present and in attendance.
- 6.2. Draft minutes of committee meetings shall be circulated promptly to all members of the committee. Once approved, minutes should be circulated to all other members of the board, if any, unless it would be inappropriate to do so.

7. ANNUAL GENERAL MEETING

The committee chairman should attend the annual general meeting of the Company to answer any shareholder questions on the committee's activities.

8. DUTIES

The committee should carry out the duties below in respect of the Company and, where appropriate, reference to the Company includes its subsidiaries and the group as a whole:-

- 8.1. The committee shall determine and agree with the board the framework or broad policy for the remuneration of the company's Chairman and the executive directors including pension rights and compensation payments. The remuneration of non-executive directors shall be a matter for the board or the shareholders (within the limits set in the articles of association). No director or senior manager shall be involved in any decisions as to their own remuneration. The committee shall recommend and monitor the level and structure of remuneration for senior management.
- 8.2. In determining such policy, the committee shall take into account all factors which it deems necessary including relevant legal and regulatory requirements and the provisions and recommendations of relevant guidance. The objective of such policy shall be to attract, retain and motivate the executive management of the Company without paying more than necessary. The remuneration policy shall bear in mind the Company's appetite for risk and be aligned to the Company's long term strategic goals. A significant proportion of remuneration should be structured so as to link rewards to corporate and individual performance and be designed to promote the long term success of the Company.
- 8.3. When setting remuneration policy for directors, the committee shall review and have regard to the pay and employment conditions across the Company or the Company's group (the **Group**), especially when determining salary increases.
- 8.4. The committee shall review the ongoing appropriateness and relevance of the remuneration policy.

- 8.5. The committee shall approve the design of, and determine targets for, any performance related pay schemes operated by the Company and approve the total annual payments made under such schemes.
- 8.6. The committee shall review the Company's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action.
- 8.7. The committee shall review the design of all share incentive plans for approval by the board and shareholders. For any such plans, the committee shall determine each year whether awards will be made, and if so, the overall amount of such awards, the individual awards to executive directors, company secretary and other senior executives and the performance targets to be used.
- 8.8. The committee shall determine the policy for, and scope of, pension arrangements for each executive director and other senior executives.
- 8.9. The committee shall ensure that contractual terms on termination, and any payments made, are fair to the individual, and the company, that failure is not rewarded and that the duty to mitigate loss is fully recognised.
- 8.10. Within the terms of the agreed policy and in consultation with the chairman of the board and/or chief executive of the company as appropriate, the committee shall determine the total individual remuneration package of the chairman, each executive director, the company secretary and other senior executives including bonuses, incentive payments and share options or other share awards.
- 8.11. The committee shall:
- (a) ensure that contractual terms on termination and any payments made are fair to the individual and the Company; that failure is not rewarded and the duty to mitigate loss is fully recognised;
 - (b) oversee any major changes in employee benefits structures throughout the Company or Group; and
 - (c) agree the policy for authorising claims for expenses from the directors.
- 8.12. The committee shall be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the committee.
- 8.13. The committee shall obtain reliable, up-to-date information about remuneration in other companies of comparable scale. The committee shall have full authority to appoint remuneration consultants and to commission or purchase any reports, surveys or information which it deems necessary to help it fulfil its obligations within any budgetary restraints imposed by the board; and
- 8.14. The committee shall consider such other matters as may be requested by the board.

9. REPORTING RESPONSIBILITIES

- 9.1. The committee chairman shall report to the board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 9.2. The committee shall make whatever recommendations to the board it deems appropriate on any area within its remit where action or improvement is needed.

10. OTHER MATTERS

The committee shall:

- 10.1. have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required;
- 10.2. be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;
- 10.3. ensure that provisions regarding disclosure of information, including pensions, as set out in the Governance Code, are fulfilled and produce a report of the Company's remuneration policy and practices to be included in the Company's annual report and ensure each year that it is put to shareholders for approval at the Annual General Meeting. If the Committee has appointed remuneration consultants, the annual report of the company's remuneration policy should identify such consultants and state whether they have any other connection with the Company;
- 10.4. arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the board for approval;
- 10.5. oversee any investigation of activities which are within its terms of reference;
- 10.6. make available its terms of reference, explaining its role and the authority delegated to it by the board; and
- 10.7. through the chairman of the board, ensure that the Company maintains contact as required with its principal shareholders about remuneration.

11. VOTING ARRANGEMENTS

- 11.1. Each member of the committee shall have one vote which may be cast on matters considered at the meeting. Votes can only be cast by members attending a meeting of the committee.
- 11.2. If a matter that is considered by the committee is one where a member of the committee, either directly or indirectly has a personal interest, that member shall not be permitted to vote at the meeting.
- 11.3. Save where he has a personal interest, the committee chairman will have a casting vote.

12. AUTHORITY

The committee is authorised by the board to:

- 12.1. undertake any activity within its terms of reference;
- 12.2. do all matters as the committee believes appropriate in respect of the conduct of its duties, including, without limitation, the matters referred to herein;
- 12.3. obtain, at the Company's expense, outside legal or other professional advice on any matters within its terms of reference;
- 12.4. delegate any of its powers to one or more of its members or the secretary of the committee; and
- 12.5. seek any information it requires from any employee or director, and all such employees or directors will be directed to co-operate with any request made by the committee.