

Dalata Agrees Sale and Leaseback of the Clayton Hotel Cardiff, Wales, with M&G Real Estate

ISE: DHG

LSE: DAL

Dublin, 7th June 2017 | Dalata Hotel Group plc (“Dalata” or “the Company”) is pleased to announce it has agreed the sale and leaseback of its Clayton Hotel in Cardiff Wales, to M&G Real Estate, one of the world’s largest property investors. Consideration for the transaction is £22.1 million (€26 million) “the Transaction” and is expected to be completed by mid-June, 2017.

The hotel will be let on a new FRI (fully repairing and insuring) lease for a 35 year term. The agreed initial Rent for the property is £1.15 million per annum and will be subject to five yearly rent reviews, index-linked to the Retail Price Index. Dalata will retain the fixtures and fittings, within the hotel to the value of £2.1 million and also the benefit of a restaurant sub-lease to Viva Brazil Cardiff Ltd, located on the ground floor of the building, on a 20 year lease, expiring in 2032.

The Clayton Hotel Cardiff is a 4 star hotel, excellently located on St. Mary Street, in Cardiff city centre, a short walk from Cardiff Central train station and the Principality (formerly Millennium) Stadium. The hotel contains 216 air conditioned bedrooms, a bar and restaurant, a fitness suite and extensive meeting room facilities. In 2016 the Clayton Hotel Cardiff generated EBITDAR of £2.3 million.

The consideration is payable in cash and the proceeds of the Transaction will be used to reduce net debt arising from recent acquisitions.

Dermot Crowley, Deputy CEO Business Development and Finance, said: *“The sale and leaseback of Clayton Cardiff is consistent with our stated strategy of growing our UK portfolio primarily through Operating Leases. We are delighted to be engaged with such a prestigious investment partner as M&G Real Estate who value our Balance Sheet and operating covenant appropriately. The hotel continues to perform strongly and this reaffirms our commitment to developing our hotel business within the UK.”*

Matthew Stone, Head of Long Income, M&G Real Estate, said: *“We are delighted to have agreed this bespoke transaction with Dalata, which reflects our strategy of working with occupiers to set the lowest possible rent in return for a long lease commitment. Dalata will therefore benefit from a long term sustainable occupancy cost and M&G’s investors will benefit from a long term predictable and stable cashflow.”*

ENDS

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About Dalata

Dalata Hotel Group plc is Ireland's largest hotel operator, with a current portfolio of 38 three and four star hotels with over 7,700 rooms. Dalata successfully operate Ireland's two largest hotel brands, the Clayton and the Maldron Hotels across Ireland and the UK, as well as managing a portfolio of partner hotels. 21 of the hotels are owned by Dalata, 13 hotels are operated under lease agreements and 4 are operated under management agreements.

For the full year 2016 Dalata reported revenue of €290.5 million. Dalata is listed on the Main Market of the Irish Stock Exchange (DHG) and the London Stock Exchange (DAL).

For further information visit: www.dalatahotelgroup.com