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28 February 2014

DALATA HOTEL GROUP PLC ANNOUNCES INTENTION TO FLOAT ON THE IRISH STOCK EXCHANGE AND THE LONDON STOCK EXCHANGE

Dalata Hotel Group p.l.c. ("Dalata" or the "Group"), the largest hotel operator in Ireland, today announces its intention to seek admission of its shares to trading on the ESM market of the Irish Stock Exchange and the AIM market of the London Stock Exchange ("Admission").

The Group is seeking to raise gross proceeds of between €150 and €200 million pursuant to a placing of ordinary shares with certain institutional and qualified professional investors, with certain clients of Davy and with existing shareholders of Dalata (the "Placing").

The net proceeds of the Placing will be used to acquire a portfolio of approximately 16-25 hotels throughout Ireland and to pay down existing debt. Net debt as of 31 December 2013 was €4.1 million.

The Board believes that the Irish hotel sector represents an attractive investment opportunity at present:

- Hotel trading conditions in Ireland are improving with visitor numbers on the increase and improved domestic consumer sentiment. Occupancy and room rates are increasing year on year and the market outlook is positive.
- An increased number of Irish hotel assets is expected to come to market in 2014 and 2015, many offering opportunities for performance improvement. The Board believes Dalata is well positioned to acquire such assets at a reasonable price given the drop in hotel prices and the current point in the Irish economic cycle.
- New hotel supply is likely to be limited in the short to medium term as debt finance remains tight in Ireland and there are significant gaps between hotel replacement costs and asset values in a number of locations.

It is expected that Admission will become effective and dealings in the Shares will commence before the end of March 2014. Davy is acting as Nominated Adviser, ESM Adviser and Broker in relation to the Placing.

Mr John Hennessy, chairman of Dalata, said:

"We are bringing both a strong business and a strong opportunity to the market at a point where revenues in the sector are stabilising after a prolonged period of downward pressures. We bring experience in acquiring hotel assets for value, a capacity to enhance that value through quality management and a scale that can

enable efficiencies across an enlarged network. We have an executive team of quality and depth, and with experience of delivering value in the publicly traded arena. The capital raised through this placing will position Dalata for growth and enable it take advantage of its established relationships and strong reputation in the Irish marketplace”

Pat McCann, chief executive officer of Dalata, said:

“International demand is growing steadily across the Irish hotel sector and especially in Dublin – aided by the development of projects like the International Convention Centre and a continuing strong flow of FDI. With that growth available we have the presence and the know how to derive value and a sustained earnings flow from assets that have been starved of attention and development over recent years.

We want to increase the size and quality of our portfolio by acquiring hotels as they come to market either through portfolio acquisitions or single asset purchases. We also have an important and valued business in providing hotel management solutions to third parties – both on a long term basis to hotel owners and for shorter terms to banks and receivers. These will remain as an important contributor of quality fee income and can increase the scale benefits that are achievable with suppliers and customers”

COMPANY OVERVIEW

The Board of Dalata is made up 3 executive directors and 4 non-executive directors namely John Hennessy (Non-executive chairman), Pat McCann (Chief Executive), Dermot Crowley (Deputy Chief Executive, Finance & Development), Stephen McNally (Deputy Chief Executive) and non-executive directors Alf Smiddy, Margaret Sweeney, and Robert Dix.

Dalata’ strategy is to leverage the Group’s core asset management, hotel operation and development competencies to grow its business through a mix of owned, leased and managed hotel assets.

In addition, the Group plans to continue to provide hotel management solutions to third party hotels under both lease and management agreements. The Group has taken over the operation of 8 additional hotels since the start of 2014.

For the year ended 31 December 2013 the Dalata Group had revenue of €60.6 million (2012: €54.1 million) and EBITDA of €5.3 million (2012: €3.5 million). The Company has a number of notable attributes:

- **Scale**

Dalata operates a portfolio of 40 hotels; 13 under lease agreements and 27 under management agreements and totalling over 6,100 rooms. All but one (Cardiff) of those hotels are in Ireland. The Group has 11 hotels in the strongly trading Dublin market where its significant scale and presence in key central locations enables it maximise occupancy and rates across all its hotels in the city.

- **Management capability**

The highly experienced Dalata senior management team has a track record of actively managing improvement in the performance of the hotels that it operates as well as extensive hotel acquisition experience in the Irish market. The central management group includes a number of former senior executives of the Jurys Doyle Hotel Group plc led by CEO Pat McCann, himself previously chief executive of Jurys Doyle from 2000 to 2006, during which the share price increased by c.140%. Dermot Crowley served as Head of Development at Jurys Doyle Hotel from 2000 to 2006 and Stephen McNally was Jurys Doyle Group Operations Manager from 2004 to 2007.

- Brand

Dalata owns the well-established and recognised Maldron brand which has a strong presence in the 3-4 star market segment, which the Board believes is the most attractive segment in the Irish hotel industry offering significant profit growth potential.

- Relationships with banks and other hotel vendors.

The Group, through its third party hotel management operation business, has strong on-going relationships with the Irish banking sector, receivers and other hotel vendors which the Board believes places the Group in a strong position to acquire hotel assets once they come to market.

ENDS:

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