

**FOR IMMEDIATE RELEASE**

**The Hotel Corporation plc – Update re Investment in Puma Hotels**

**Puma Hotels plc announces the early termination of leases with Barceló and takes back operational control of Paramount Hotels**

The Hotel Corporation plc (the "Company") is an AIM listed investment company owning 49.9% of Puma Hotels plc ("Puma Hotels"), owner of 20 four-star hotels across the UK.

Further to the announcement dated 26 March 2012, the directors of Puma Hotels have informed the Company that Puma Hotels has signed a business transfer agreement providing for the early termination of leases with Barceló Corporación Empresarial S.A. ("BCE") and various UK subsidiary undertakings of BCE (together "the BCE Entities"). This agreement relates to the leases of the hotels owned by Puma Hotels ("the Leases") which are held by the BCE Entities.

The agreement with BCE and the BCE Entities, subject to certain conditions being met, provides for the termination of the Leases on 25 April 2012. BCE will pay on the completion date to Puma Hotels the net sum of £20.25m (excluding VAT) in respect of the early termination of the Leases. There will also be a completion adjustment payment made to Puma Hotels on completion to take account of various working capital apportionments.

The agreement also provides for an orderly handover of the operations of the hotels from the BCE Entities to Puma Hotels. Prior to the grant of the Leases in 2007, Puma Hotels itself operated the hotels through the head office infrastructure and team which it established in Hinckley and that head office will transfer back to Puma Hotels upon completion of the agreement.

In conjunction with the negotiation of the agreement with BCE, Puma Hotels has negotiated with its bankers, Irish Bank Resolution Corporation Limited (formerly Anglo Irish Bank Limited), an option to extend its current debt facility until 31 December 2013, subject to meeting certain conditions.

Puma Hotels has also appointed Chardon Management Ltd ("Chardon") to assist in the management of the hotels. Chardon is the leading UK independent hotel management company working on behalf of numerous hotel owners and investment groups. It currently operates 35 branded and unbranded hotels across the UK, with 6 new openings scheduled in Glasgow, Edinburgh, Windsor, Manchester and Southend. Shore Capital Limited will continue to provide asset management services to Puma Hotels.

Puma Hotels intends to revive its Paramount Hotels brand as part of a strategy to focus on the strengths of its hotels in their local and regional markets. It is intended that a full public re-launch of the Paramount brand will be made following the successful handover of the hotels from the BCE Entities.

Finally, as announced on 16 December 2011, the shareholder payments normally paid by Puma Hotels on 31 December, relating to the Deep Discount Bonds and Cumulative Convertible Preference Shares, will be deferred until further notice.

**Enquiries**

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