

The Hotel Corporation PLC ('The Hotel Corporation')

Puma Hotels plc - Extension of bank loan facility

14 May 2009

The Board of The Hotel Corporation plc, whose principal asset is a 49.9% stake in Puma Hotels plc ('Puma Hotels'), announces that it has been informed by Puma Hotels that Puma Hotels is issuing the following press release.

Puma Hotels and The Hotel Corporation each expects to announce its preliminary results for the year ended 31 December 2008 in the next few days.

A copy of the announcement released today by Puma Hotels is attached to this announcement.

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Puma Hotels plc ('PHP' or 'the Company')

PHP Extends Maturity of Bank Loan Facility for a Further Three Years

The Board of PHP is pleased to announce that the Company has signed an agreement with Anglo Irish Bank Limited ('Anglo Irish') to extend the term of its senior debt facility and waive the loan to value covenant for the remaining term of the loan.

This facility was due for repayment on 31 December 2009 but will now mature on 31 December 2012. In a volatile and difficult credit market, this extension by three years represents a key milestone in safeguarding the Company's financial position.

The extension is subject to a reduction in the principal outstanding under the debt facility as outlined below:

The facility is being reduced to £332.3m from its present ceiling of £350m (of which £347.3m is currently drawn). PHP expects to fund this reduction, together with associated costs, by raising an additional £20m in new equity from the

Company's shareholders and a copy of this announcement is being sent to them today.

Anglo Irish have agreed that there will be no further loan to value covenant testing for the duration of the facility (i.e. up to and including 31 December 2012). This provides significant certainty to shareholders in the current market.

The margin on the facility will increase from 1.75% to 2.5% from the Effective Date (see below). The extension is also subject to an arrangement fee of £1.0m.

The maturity of the Company's outstanding shareholder bonds will be extended to 31 December 2012 to align it with the Bank facility, although approximately £2.0m of these bonds will, as previously scheduled, be redeemed on 30 June 2009.

It is also intended to seek bond-holder approval for a listing of the outstanding bonds on the Channel Islands Stock Exchange and for the bonds thereafter to bear 12% interest, payable semi-annually. Irrevocable commitments to vote in favour of these proposals have already been received from 55 per cent of the bond-holders which is sufficient for approval to be passed.

All variations to the loan agreement will become effective on the date on which the principal repayment of £15.0m is made (the 'Effective Date') which is expected to be achieved by 14 July 2009.

Howard Shore, chairman of Puma Hotels plc, commented:

'We are delighted to have successfully negotiated an extension of our senior debt which will now mature in December 2012. That we were able successfully to conclude this agreement is a reflection of our strong relationship with Anglo Irish Bank and the confidence it has in our business model and our ability to steward the business through these difficult economic times.'

As part of the maturity extension agreement, the Company executed three interest rate SWAP agreements on 30 April 2009. These SWAP agreements relate to a principal amount of £182.345m and commence on 31 December 2009 when the current SWAP arrangement relating to this amount expires. The profile of these SWAPS is as follows:

31 December 2009 to 31 December 2010: 2.230%
31 December 2010 to 31 December 2011: 3.330%
31 December 2011 to 31 December 2012: 3.945%

The remaining £150 million of the facility is already subject to an interest rate SWAP agreement at a rate of 5.145% until 31 December 2014.

A circular containing details of the terms on which the senior debt has been extended and including a notice of general meeting setting out the required resolutions to be passed by shareholders will be posted (or communicated by other permitted means) to shareholders.

The Company expects to release its annual results for the year ended 31 December 2008 in the next few days. The Board is pleased to confirm that the Company's current trading is in line with expectations.

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Notes to Editors

1. Puma Hotels plc ('PHP') acquired 13 Paramount branded hotels in July 2004. Following further acquisitions, it now owns 20 four-star hotels across Scotland, Northern England, Central England, Southern England and Wales. See the table below for a full list of hotels.
2. The hotels offer extensive banquet, conference and leisure facilities and many of them have architectural and historical significance. The Group has 2,872 bedrooms and around 20,000 square metres of conference and meeting space and offers extensive facilities to both corporate and leisure guests.
3. From July 2004 until 6 September 2007, PHP owned and operated each of the 20 hotels. From 6 September 2007, PHP granted 45 year FRI leases for each hotel to Barceló Group, a leading Spanish operator with substantial global operations. From 1 January 2008, all 20 hotels have been rebranded and each hotel now carries the Barceló brand.
4. PHP's hotel locations are shown below:

| | Bedrooms | No. of meeting rooms | Health & Leisure | Location |
|--|-----------------|-----------------------------|-----------------------------|-----------------|
| CENTRAL ENGLAND | | | | |
| Barceló Billesley Manor Hotel, Nr. 1 Stratford* | 72 | 12 | Y | Country |
| 2 Barceló Cheltenham Park Hotel | 152 | 11 | Y | Country |
| 3 Barceló Daventry Hotel | 155 | 8 | Y | Country |
| 4 Barceló Hinckley Island Hotel | 362 | 21 | Y | Country |
| 5 Barceló Oxford Hotel | 168 | 25 | Y | City |
| 6 Barceló Buxton Palace Hotel | 122 | 9 | Y | Country |
| Barceló Walton Hall Hotel & Spa, 7 Warwickshire* + | 202 | 20 | Y | Country |
| 8 Barceló The Lygon Arms, Cotswolds* | 77 | 8 | Y | Country |
| NORTHERN ENGLAND | | | | |
| 9 Barceló Blackpool Imperial Hotel | 180 | 15 | Y | Coast |
| 10 Barceló Harrogate Majestic Hotel | 167 | 10 | Y | City |
| Barceló Redworth Hall Hotel, Co. 11 Durham* | 143 | 10 | Y | Country |
| 12 Barceló Shrigley Hall Hotel, Cheshire* | 148 | 12 | Y | Country |

SCOTLAND

| | | | | |
|--------------------------------------|--------------|------------|---|---------|
| 13 Barceló Edinburgh Carlton Hotel | 189 | 10 | Y | City |
| 14 Barceló Troon Marine Hotel* | 89 | 4 | Y | Coast |
| 15 Barceló Stirling Highland Hotel | 96 | 7 | Y | City |
| SOUTHERN ENGLAND | | | | |
| 16 Barceló Combe Grove Manor, Bath* | 42 | 5 | Y | Country |
| 17 Barceló Basingstoke Country Hotel | 100 | 10 | Y | Country |
| 18 Barceló Torquay Imperial Hotel | 152 | 7 | Y | Coast |
| 19 Barceló Brighton Old Ship Hotel | 154 | 11 | N | Coast |
| WALES | | | | |
| 20 Barceló Cardiff Angel Hotel | 102 | 7 | N | City |
| Total | 2,872 | 222 | | |

* *Barceló Premium Hotels*

+ *Operationally, Barceló split this property into a Barceló Premium Hotel, Barceló Walton Hall and a Barceló Hotel, Barceló Walton Hotel*