

Date of Announcement: 29 June 2020

Reference: 16/2020



The following is a company announcement issued by HH Finance plc (the “Company”), bearing company registration number C-84461, pursuant to the Prospects MTF Rules.

Follow-up to Company Announcement 13/2020 (MSE Ref: HHF/33) and valuation of H Hotel

QUOTE

The Company herein refers to Company Announcement 13/2020 (MSE Ref: HHF/33). Pursuant to that Company Announcement and the supervening circumstances described therein, the Company confirms that it has since then sourced a new independent valuation of the immovable tenement (*H Hotel*, situated at Triq Santu Wistin, Paceville, St. Julian's, Malta) mentioned in the same Company Announcement. Accordingly, the Company has now been able to make the necessary determinations in relation to the changed values of the Company's assets and related liabilities.

The Company further confirms that on the basis thereof, consultation on the matter with its auditors, the availability of other valuations recently sourced (January 2020) but before the events described in Company Announcement 13/2020 (MSE Ref: HHF/33), the preferred methods, valuation adopted and relied upon in the financial statements published for the financial year ended 2019 in respect of this matter, and the Company's preference to apply a more conservative and prudent approach to this valuation matter, that:

1. the value of the same tenement owned by the Company in its current state, and following the circumstances relating to the Company's legal title over the portion of the tenement in respect of which defective title has been discovered, is forty-five million Euro (€45,000,000);
2. the value of the portion of the tenement in respect of which defective title has been discovered is three million Euro (€3,000,000);
3. following the above being ascertained, the Company and the original seller of the tenement, namely Hugo's Hotel Limited, have since agreed to a reduction of the original liability owed by the Company to it in respect of the purchase price for that portion of the tenement. The sum agreed to in light of valuations made at the time of the original deed dated 8 March 2018, and valuations sourced since then, is that of three million Euro (€3,000,000); and

4. the portion of the tenement in question will continue to be in the full possession of, and therefore used and enjoyed by, the current lessee of the property, namely HH Operating Limited, which shall continue to destine that part of the property to the hotel business it operates (*H Hotel*), and in respect of which it will continue to pay rent to the Company in accordance with existing agreements in place between the two companies. The Company accordingly notes that it has entered into an agreement to rent the relevant portion of the tenement from the original seller and is in turn now sub-leasing the same to HH Operating Limited.

UNQUOTE

By order of the Board.



Dr Emma Grech
Company Secretary

29 June 2020