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Host Property AB – Update regarding main tenant Maribel

With reference to the investor presentation on Friday February 28, 2020 and recent reported development for Maribel AS (2018 annual report), here is an update from Host Property AB regarding the status regarding the main tenant.

Maribel AS is a growth company with an ambitious investment plan in terms of opening several new hotels throughout Europe over the coming years. The company guided during the second half of 2019 negative 2018 and 2019 operating cash-flow figures with gradually improving figures for 2020 and going forward. During the phase of opening new hotels, there is normally a period of negative cash flow for Maribel as the operating company before reaching its full potential.

In November 2019, Maribel guided on an operating cash-flow of minus NOK 126 million. In the recent published annual report for 2018, Maribel AS is guiding on 2019 operating cash flow of minus NOK 135 million.

In addition to negative operating figures for Maribel over the last years, the current challenging market sentiment with a large number of cancellations among both private and business travelers is having a material negative effect in the first and second quarter on the operations for the Maribel operated hotels, both in the Nordics and Europe.

With reference to the Maribel 2018 annual report: “The company, together with its owners, has initiated structured discussion with its three main creditors with the object of establishing a sound, sustainable capital base for the Group going forward. The discussions are in an initial phase, however the board is confident that, subject to a successful restructuring of the business is viable on a longer term. The projections for the Group for the coming years support the view that the restructuring will be successful. Going concern is dependent on the success of these initiatives.”

There have recently been a number of changes among the shareholders, board of directors and top management in Maribel AS:

- Kvalitena acquiring 14.7% of the shares in Maribel AS from Stranden AS and Kilmont AS (Mads Jacobsen and Rune Firing)
- Change in the board of directors. Anders Moe (Flying Elephant / Host Hoteleiendom) new chairman of the board replacing Rune Firing - February 2020
- Pål Eirik Mørch new interim Chief Executive Officer replacing Mads Jacobsen (ongoing process)

There is mutual interest between Maribel and its largest partners to strengthen the balance sheet and profitability of Maribel, to improve the financial situation and to enable the execution of the shared growth plan. This has led to concrete negotiations involving both a restructuring of the debt and infusion of new equity. Flying Elephant is highly committed as a financial investor in Maribel AS and is proactively working with the other shareholders (Kvalitena), management and other stakeholders (Vastint and Marriott). The process is ongoing and was targeted to be finalized this quarter, but the complexity of the situation with the challenging market sentiment has led to increased risk and delays.

The company supports the process, and we're positive that it will lead to a stronger tenant in the end. Maribel will update the market when the process is concluded. The company will notify the market about the outcome of the process and notify the market if the process indicates worsening the interests of the company and investors.

For more information, please contact:

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