



CMP/FEB/2020/0007

8th February 2020

Mr. Hassan Al Serkal

EVP, COO – Head of Operations Division, Market Operations Division

Dubai Financial Market

P.O Box 9700

Dubai - United Arab Emirates

Dear Mr. Al Serkal,

Subject: GFH Acquires a Hospitality Portfolio in USA

GFH Financial Group would like to inform its shareholders and the markets that it has, through its fully owned subsidiary GFH Capital Limited, acquired a Diversified US Hospitality Portfolio (“the Portfolio”) in partnership with Arbor Lodging Partners (“Arbor”) consisting of twelve premium branded select service hotels located in the U.S. states of California, Connecticut and New Jersey with an investment of approximately US\$ 250 million.

These hotels are premium branded with each falling under either a Hilton Brand hotel (Hilton Garden Inn, Hampton Inn, and Homewood Suites) or a Marriott Brand hotel (Courtyard, Residence Inn, and Springhill Suites). The Portfolio benefits from number of key considerations including the defensive nature of the select-service segment. The Portfolio has out-performed comp set and other hotel segments over multiple economic cycles. Furthermore, GFH and Arbor will undertake a Property Improvement Program in line with brand standards to create value by increasing revenue generation during the investment period.

The transaction has been undertaken in a joint venture with Arbor, who will hold a c. 9% stake in the Portfolio and act as the Asset Manager. Arbor is a specialized hospitality asset manager in the US with a strong track record in investing and managing hospitality assets. Arbor Lodging Management, an affiliate of Arbor, will be managing the Portfolio.

Yours Sincerely,

A handwritten signature in blue ink, appearing to read 'Mariam Jowhary', is written over a light blue rectangular background.

Mariam Jowhary

Head of Compliance & AML