

5 December 2018

FIH group plc

(“FIH” or “the Group”)

Property Acquisition

FIH group plc is pleased to announce that it has exchanged contracts on the purchase of the freehold of a 2.5 acre industrial estate in Leyton, East London. The site consists solely of five warehouses operated by Momart, the Group’s art handling subsidiary, and is located 5 miles north of London’s Canary Wharf financial centre near the Queen Elizabeth Olympic Park.

The freehold purchase effectively exchanges the Group’s former leasehold interest and associated escalating property rents (currently of c.£0.8 million per annum) for the security of tenure offered by ownership of the land and specialist buildings located on the site. On completion of the purchase, bank interest costs and related annual depreciation of the buildings will be broadly matched by the rent savings but over the medium term the enhancement to future earnings and cash flow are anticipated to become meaningful.

The purchase price of the freehold (including stamp duty land tax) was £19.4 million and the property was acquired from Momart’s longstanding landlords, H. Young & Co. Limited, who marketed the property for sale in October 2018.

FIH will finance the purchase of the property using part of its own cash reserves and by drawing down new secured mortgage facilities at completion. On conclusion of the transaction, the Group will still retain significant cash resources to invest in the future expansion of its other operations, most notably in the Falkland Islands where there are exciting prospects for growth over the medium term.

Momart has operated from the site since 2003 and has gradually expanded its activities, most recently in early 2017 when it opened a new warehouse for the storage of fine art. Momart’s operations on the site comprise 100,000sq ft of dedicated, highly specified, well maintained, modern units of steel portal frame construction with profiled metal sheet cladding.

Commenting on the acquisition John Foster, FIH Chief Executive said:

“We are pleased to have acquired the Leyton property as this will result in significant savings of annual rent for the Group and removes the prospect of a continuing escalation in future operating costs. By acquiring the land we have also provided Momart with long term security of tenure and removed the risk of future disruption to the business at the expiry of the former leases. We are confident that over the medium term the purchase will generate meaningful cash savings for the Group and will both enhance and improve its quality of earnings.”

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