

Company registration number 14171754 (England and Wales)

MM STAR HOLDCO LIMITED
ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JULY 2024 TO 31 DECEMBER 2024

MM STAR HOLDCO LIMITED

COMPANY INFORMATION

Directors

J E Bennett
D P Kovacs
A E Shaw

Company number

14171754

Registered office

111 Park Street
London
W1K 7JL

Independent auditors

PricewaterhouseCoopers CI LLP
37 Esplanade
St Helier
Jersey
JE1 4XA

Accountant

BHP LLP
Rievaulx House
1 St Mary's Court
Blossom Street
York
North Yorkshire
YO24 1AH

MM STAR HOLDCO LIMITED

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MM STAR HOLDCO LIMITED

STRATEGIC REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2024

The directors present the strategic report for the period ended 31 December 2024.

Review of the business

During the period the Group acquired the share capital of Erskine House Opco Limited and SOF-11 Erskine House Investment Lux S.A.R.L, which successfully completed on 19 July 2024.

In the period from 19 July to 31st December the Group generated an operating profit of £1.69m and profit before tax of £0.46m. The revenues of the Group of £6.41m are solely made up of hotel revenues from the operation of the Yotel Edinburgh hotel.

Principal risks and uncertainties

The key challenges facing the Group are increases in operating costs, availability of staff and recent increases in employment costs.

The Group manages these risks by providing high quality services to its guests, investing in the development and retention of its employees, and running an efficient operation to alleviate cost pressures. The Group is also investing to improve the quality of its assets, particularly around sustainability and reducing energy consumption, and reducing the reliance on fossil fuels and carbon intensive energy sources where possible.

Utility costs remain higher than historic norms although they are now less volatile than they have been in recent years. Whilst utility costs may pose some risk to the Group's business, the Company has entered an active hedging strategy which allows it to offset sudden spikes in costs.

As with all businesses in the hospitality industry, the Group's turnover is market lead and affected by the wider tourism industry and seasonal factors, including weather conditions across the country. The Group mitigates this by securing bookings from a variety of different sources and securing a large amount of bookings from longer lead bookings. The Group is also in the process of refreshing the hotel to ensure that it remains an attractive and high-quality product for its guests.

The Group is affected by interest rate risk on its bank loan which is not hedged. This risk is mitigated by only taking low levels of leverage which provides for significant headroom on the loan covenants.

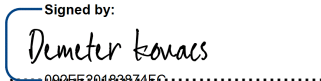
The Directors believe that the Group is in a strong position to trade through the current marketplace as it seeks long term growth in revenue and profitability.

Key performance indicators

The main metric which the group uses to monitor performance is EBITDA, which was just over £2.36m for the period under review. The Directors believe this is evidence of the strong operating performance of the group.

On behalf of the board

Signed by:



092FE20463674FC.....

D P Kovacs

Director 28 March 2025

Date:

MM STAR HOLDCO LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2024

The directors present their annual report and consolidated financial statements for the period from 1 July 2024 to 31 December 2024.

Principal activities

The principal activity of the Group is the operation of a 276 room hotel in Edinburgh under the Yotel brand ("the Hotel"). The Hotel officially opened for trading on 5 August 2019.

The accounting period has changed from June to December, reflecting a change to align the group with the intended year end of 31 December, which is also the historic reporting period end date for the acquired subsidiaries.

The directors do not expect a significant change to the principal activities of the company and the group in the next 12 months of the approval of the accompanied financial statements.

Results and dividends

The results for the period are set out on page 8.

No ordinary dividends were paid during the period. The directors do not recommend payment of a final dividend.

No preference dividends were paid during the period. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the period and up to the date of signature of the financial statements were as follows:

Mr D P Kovacs
Mr J E Bennett
Mr A E Shaw

Post reporting date events

To date, the Group has continued to trade in 2025 as it has done across 2024. There has been no material change to the Group's forecasted performance for 2025.

Going concern

The Group made a profit before tax of £460,971 in the first period of trading under the current ownership structure.

The group has a net current liability position of £1,949,155, but is supported by a cash balance of £734,855 and an overall net asset position of £30,697,309 as at 31st Dec 2024. This is largely made up of Shareholder advances and a revaluation reserve due to the uplift in the value of a property owned by the Group.

The Directors believe it is appropriate to prepare the financial statements on a going concern basis, which assumes that the Group will continue its operations for the foreseeable future and for at least 12 months from the date of approval of these financial statements.

In formulating this assessment, the Directors have taken into consideration the historic and forecast profitability of the business and the actual and projected balance sheet and have prepared forecasts which shows the Group's ability to continue as a financial and operational going concern. The Directors have also considered the impact of potential volatility and economic uncertainty in the market as well the current global geopolitical environment.

MM STAR HOLDCO LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2024

These assessments are set out below:

- The Group was profitable in the period from acquisition to 31st December 2024 and is budgeted to increase in the year ended 31st December 2025.
- The revenue in the main trading subsidiary (Erskine house Opco Limited) has grown year on year for the fourth year in a row.
- Trading results in the year to date in 2025 are in line with forecasts and are expected to exceed 2024's results.
- There is a low risk that bank covenants will be breached. Interest cover and debt service ratios, leverage and loan to value covenants are comfortably within thresholds. Having run a sensitivity analysis on the loan covenants the Directors are comfortable that if interest rates were to rise in the next 12 months by as much as 2%, and EBITDA were to reduce by 20%, the loan covenants would not be breached.
- The Directors do not believe that the current geopolitical landscape has a material bearing on the activities of the Group. The Group's activities are in United Kingdom and largely shielded from the ongoing conflict in Ukraine and the middle East. The Group's hotel is located in a major European city with many demand generators throughout the year and a wide customer base which means it is well protected from any volatility in demand from certain regions.
- The Group has hedged their utility contracts on long term agreements which shields it from volatility in prices.

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group financial statements in accordance with UK-adopted international accounting standards and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework'), and applicable company law. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed for the group financial statements, and United Kingdom Accounting Standards, comprising FRS 101, have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent;
- provide additional disclosures when compliance with the specific requirements in UK-adopted international accounting standards are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that they have complied with the above requirements when preparing these financial statements.

MM STAR HOLDCO LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2024

Statement of disclosure to auditor

Each director in office at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the group and company's auditor is unaware, and
- the director has taken all the steps that he / she ought to have taken as a director in order to make himself / herself aware of any relevant audit information and to establish that the group and company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Independent auditors

PricewaterhouseCoopers CI LLP will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Medium-sized companies exemption

This report has been prepared in accordance with the provisions applicable to companies entitled to the medium-sized companies exemption.

On behalf of the board

Signed by:

092FE20169974FC.....

D P Kovacs

Director

Date: 28 March 2025

Independent auditors' report to the members of MM Star Holdco Limited

Report on the audit of the financial statements

Opinion

In our opinion:

- MM Star Holdco Limited's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2024 and of the group's profit and the group's cash flows for the period from 1 July 2024 to 31 December 2024;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Consolidated Financial Statements (the "Annual Report"), which comprise: the Consolidated Statement of Financial Position and the Company Statement of Financial Position as at 31 December 2024; the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the period then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the period ended 31 December 2024 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries and the potential for management bias in accounting estimates and key judgements impacting the financial statements, specifically the revaluation of the group's property plant and equipment. Audit procedures performed by the engagement team included:

- enquiring with management and those charged with governance as to any actual or suspected instances of fraud or non-compliance with laws and regulations;
- reviewing the minutes of meetings of the board of directors for matters relevant to the audit;
- identifying and testing journal entries considered to be higher fraud risk, including unusual journal entries posted;
- evaluation of the business rationale for any significant or unusual transactions identified as being outside the normal course of business;
- testing of controls around daily cash reconciliation and using advanced data integration software to reconcile revenue from the hotel management system to the general ledger system to confirm revenue journals were posted as expected;
- matching revenue from the general ledger to receipts in the bank statements using data analytics;
- for the revaluation of the property plant and equipment, enquiring with management to understand their assumptions and fair value assessment for the property plant and equipment; engaging our auditors' internal valuation expert to critique and challenge the work performed and assumptions used by management to determine fair value; review of the valuation movements compared to market movements in the period, our understanding of the Investment Property and our industry knowledge; and testing a sample of valuation inputs to external supports;
- performing audit procedures to incorporate unpredictability around the nature, timing and extent of our testing
- testing the disclosures made in the financial statements, as well as in the Director's Report for compliance with the requirements of the Companies Act 2006.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Other matter

The financial statements for the year ended 30 June 2024, forming the corresponding figures of the financial statements for the period ended 31 December 2024, are unaudited.



Karl Hairon (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers CI LLP
Chartered Accountants and Statutory Auditors
Jersey
28 March 2025

MM STAR HOLDCO LIMITED**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM 1 JULY 2024 TO 31 DECEMBER 2024**

	Notes	Period ended 31 December 2024 £	Year ended 30 June 2024 (unaudited) £
Revenue	4	6,412,056	-
Cost of sales		(2,216,872)	-
Gross profit		4,195,184	-
Administrative expenses		(2,500,823)	-
Operating profit	5	1,694,361	-
Interest income	9	42,798	-
Finance costs	10	(1,276,188)	-
Profit before taxation		460,971	-
Income tax expense	11	(638,591)	-
Loss for the period		(177,620)	-
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Revaluation gain on property, plant and equipment		15,109,898	-
Deferred tax relating to revaluation gain on property plant and equipment		(3,780,000)	-
Total items that will not be reclassified to profit or loss		11,329,898	-
Total other comprehensive income for the period		11,329,898	-
Total comprehensive income for the period		11,152,278	-

Profit for the financial period is all attributable to the owners of the parent company.

Total comprehensive income for the period is all attributable to the owners of the parent company.

The notes on pages 15 to 36 form part of these consolidated financial statements.

MM STAR HOLDCO LIMITED**CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2024**

	Notes	31 December 2024 £	30 June 2024 (unaudited) £
Non-current assets			
Property, plant and equipment	12	76,100,000	-
Deferred tax asset	25	75,803	-
		<u>76,175,803</u>	<u>-</u>
Current assets			
Inventories	15	19,719	-
Trade and other receivables	16	437,328	362,801
Cash and cash equivalents		734,855	2,261
		<u>1,191,902</u>	<u>365,062</u>
Current liabilities			
Trade and other payables	23	2,330,313	365,061
Borrowings	19	700,317	-
Contract liabilities	26	110,427	-
		<u>3,141,057</u>	<u>365,061</u>
Net current (liabilities)/assets		<u>(1,949,155)</u>	<u>1</u>
Non-current liabilities			
Borrowings	19	39,479,039	-
Deferred tax liabilities	25	4,050,300	-
		<u>43,529,339</u>	<u>-</u>
Net assets		<u>30,697,309</u>	<u>1</u>
Equity			
Called up share capital	28	1	1
Revaluation reserve	29	11,329,898	-
Shareholder advance	30	19,545,030	-
Retained earnings		(177,620)	-
Total equity		<u>30,697,309</u>	<u>1</u>


The notes on pages 15 to 36 form part of these consolidated financial statements.

MM STAR HOLDCO LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 DECEMBER 2024

The financial statements were approved by the board of directors and authorised for issue on 28 March 2025 and are signed on its behalf by:

Signed by:

092FE20103874FC:.....
D P Kovacs
Director

Company registration number 14171754 (England and Wales)

MM STAR HOLDCO LIMITED**COMPANY STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2024**

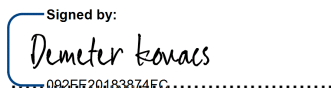
	Notes	31 December 2024 £	30 June 2024 (unaudited) £	£
Non-current assets				
Investments	13		1	1
Current assets				
Trade and other receivables	17	19,530,956		1
Cash and cash equivalents		8,526		-
		19,539,482		1
Current liabilities		(48,651)		(1)
Net current assets		19,490,831		-
Total assets less current liabilities		19,490,832		1
Equity				
Called up share capital			1	1
Shareholder advance	30	19,545,030		-
Retained earnings		(54,199)		-
Total equity		19,490,832		1

The notes on pages 15 to 36 form part of these consolidated financial statements.

As permitted by s408 Companies Act 2006, the company has not presented its own income statement and related notes. The company's loss for the year was £54,199 (June 2024 (unaudited) - £0 profit).

The financial statements were approved by the board of directors and authorised for issue on 28 March 2025 and are signed on its behalf by:

Signed by:



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Mr D P Kovacs

Director

Company registration number 14171754 (England and Wales)

MM STAR HOLDCO LIMITED**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2024**

	Share capital £	Revaluation reserve £	Shareholder advance £	Retained earnings £	Total £
Balance at 1 July 2023 (unaudited)	1	-	-	-	1
Year ended 30 June 2024:					
Balance at 30 June 2024 (unaudited)	1	-	-	-	1
Period ended 31 December 2024:					
Profit/ (loss) for the period	-	-	-	(177,620)	(177,620)
Other comprehensive income:					
Revaluation of property, plant and equipment	-	15,109,898	-	-	15,109,898
Tax relating to other comprehensive income	-	(3,780,000)	-	-	(3,780,000)
Total comprehensive income	-	11,329,898	-	(177,620)	11,152,278
Transactions with owners:					
Shareholder advance received	-	-	19,545,030	-	19,545,030
Balance at 31 December 2024	1	11,329,898	19,545,030	(177,620)	30,697,309

The notes on pages 15 to 36 form part of these consolidated financial statements.

MM STAR HOLDCO LIMITED**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2024**

	Share capital £	Shareholder advance £	Retained earnings £	Total £
Balance at 1 July 2023 (unaudited)	1	-	-	1
Year ended 30 June 2024:				
Balance at 30 June 2024 (unaudited)	1	-	-	1
Period ended 31 December 2024:				
Loss and total comprehensive income	-	-	(54,199)	(54,199)
Transactions with owners:				
Shareholder advance received	-	19,545,030	-	19,545,030
Balance at 31 December 2024	<u>1</u>	<u>19,545,030</u>	<u>(54,199)</u>	<u>19,490,832</u>

The notes on pages 15 to 36 form part of these consolidated financial statements.

MM STAR HOLDCO LIMITED**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2024**

	Notes	31 December 2024		30 June 2024 (unaudited)	
		£	£	£	£
Cash flows from operating activities					
Cash generated from operations	35		4,740,874		2,261
Interest paid			(1,181,251)		-
Income taxes paid			(2,206)		-
Net cash inflow from operating activities			<u>3,557,417</u>		<u>2,261</u>
Investing activities					
Purchase of property, plant and equipment		(62,055,178)		-	
Acquisition of tax losses with property		(441,888)		-	
Interest received		42,798		-	
Net cash used in investing activities			<u>(62,454,268)</u>		<u>-</u>
Financing activities					
Shareholder advance		19,545,030		-	
Lease inception		25,000,000		-	
Proceeds from borrowings		15,434,098		-	
Repayment of borrowings		(350,000)		-	
Net cash generated from financing activities			<u>59,629,128</u>		<u>-</u>
Net increase in cash and cash equivalents			<u>732,277</u>		<u>2,261</u>
Cash and cash equivalents at beginning of year			<u>2,261</u>		<u>-</u>
Cash and cash equivalents at end of year			<u><u>734,538</u></u>		<u><u>2,261</u></u>
Relating to:					
Bank balances and short term deposits			<u>734,855</u>		<u>2,261</u>
Bank overdrafts			<u>(317)</u>		<u>-</u>

The notes on pages 15 to 36 form part of these consolidated financial statements.

MM STAR HOLDCO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2024

1 Accounting policies

Company information

MM Star Holdco Limited (the "Company") is a private company limited by shares incorporated in England and Wales. The registered office is 111 Park Street, London, W1K 7JL. The company's principal activities and nature of its operations are disclosed in the directors' report.

The group consists of MM Star Holdco Limited and all of its subsidiaries as listed in Note 14 (together called the "group").

1.1 Basis of preparation

The group financial statements have been prepared in accordance with UK-adopted international accounting standards (IFRS) and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, except as otherwise stated.

The financial statements are prepared in sterling, which is the functional currency of the group. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, except for the revaluation of land and buildings. The principal accounting policies adopted are set out below.

The Company financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

As permitted by FRS 101, the Company has taken advantage of the following disclosure exemptions from the requirements of IFRS:

- inclusion of an explicit and unreserved statement of compliance with IFRS;
- presentation of a statement of cash flows and related notes;
- disclosure of the objectives, policies, and processes for managing capital;
- disclosure of key management personnel compensation;
- disclosure of the categories of financial instrument and the nature and extent of risks arising on these financial instruments;
- comparative narrative information;
- related party disclosures for transactions with the parent or wholly owned members of the group

As permitted by s408 Companies Act 2006, the company has not presented its own income statement and related notes. The company's loss for the year was £54,199 (June 2024 - £nil).

1.2 Business combinations

Business combinations in which at least 90% of the value acquired is in one asset are treated as asset purchases in accordance with the concentration test in IFRS3 Business Combinations. Such assets are recorded at cost and no fair value adjustments are performed.

1.3 Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent company MM Star Holdco Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 31 December 2024. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

MM STAR HOLDCO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2024

1 Accounting policies

(Continued)

Subsidiaries are consolidated in the group's financial statements from the date that control commences until the date that control ceases.

1.4 Going concern

The Group made a profit before tax of £460,971 in the first period of trading under the current ownership structure.

The group has a net current liability position of £1,949,155, but is supported by a cash balance of £734,855 and an overall net asset position of £30,697,309 as at 31st Dec 2024. This is largely made up of Shareholder advances and a revaluation reserve due to the uplift in the value of a property owned by the Group.

The Directors believe it is appropriate to prepare the financial statements on a going concern basis, which assumes that the Group will continue its operations for the foreseeable future and for at least 12 months from the date of approval of these financial statements.

In formulating this assessment, the Directors have taken into consideration the historic and forecast profitability of the business and the actual and projected balance sheet and have prepared forecasts which shows the Group's ability to continue as a financial and operational going concern. The Directors have also considered the impact of potential volatility and economic uncertainty in the market as well the current global geopolitical environment. These assessments are set out below:

- The Group was profitable in the period from acquisition to 31st December 2024 and is budgeted to increase in the year ended 31st December 2025.
- The revenue in the main trading subsidiary (Erskine House Opco Limited) has grown year on year for the fourth year in a row.
- Trading results in the year to date in 2025 are in line with forecasts and are expected to exceed 2024's results.
- There is a low risk that bank covenants will be breached. Interest cover and debt service ratios, leverage and loan to value covenants are comfortably within thresholds. Having run a sensitivity analysis on the loan covenants the Directors are comfortable that if interest rates were to rise in the next 12 months by as much as 2%, and EBITDA were to reduce by 20%, the loan covenants would not be breached.
- The Directors do not believe that the current geopolitical landscape has a material bearing on the activities of the Group. The Group's activities are in United Kingdom and largely shielded from the ongoing conflict in Ukraine and the Middle East. The Group's hotel is located in a major European city with many demand generators throughout the year and a wide customer base which means it is well protected from any volatility in demand from certain regions.
- The Group has hedged their utility contracts on long term agreements which shields it from volatility in prices.

1.5 Revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The group recognises revenue when it transfers control of a product or renders service to a customer.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

The group recognises revenue from the following major sources:

- Room revenue
- Food and beverage
- Other

MM STAR HOLDCO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2024

1 Accounting policies

(Continued)

The contractual obligations are the delivery of the above services. Revenue is recognised when these services are delivered, which is typically at a point in time on the day of the stay or provision of the service.

Where payment is received before this recognition, the proceeds are presented on the balance sheet as contract liabilities.

1.6 Property, plant and equipment

Property, plant and equipment other than land & buildings are measured at cost net of depreciation and any impairment losses.

Cost includes all expenditures directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Land & buildings are initially measured at cost on purchase and subsequently measured at revaluation model. Under this model, property, plant and equipment is carried at its fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

If the property's carrying amount is increased as a result of a revaluation, the increase shall be recognised in other comprehensive income and accumulated in equity in the revaluation reserve. However, the increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

The decrease of an asset's carrying amount as a result of a revaluation shall be recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity under revaluation reserve, in respect of that asset. If a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity under revaluation reserve in respect of that asset, the excess shall be recognised in profit or loss.

This valuation is performed on an open market basis for an operational hotel, and takes into consideration the carrying value of associated trading assets within leasehold improvements fixtures and fittings, which are not revalued.

Acquisitions and disposals of property, plant and equipment are considered to have taken place where, by the end of the accounting period, there is a legally binding, unconditional and irrevocable contract.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold land and buildings	straight line over 50 years
Leasehold improvements	straight line over 3 years
Fixtures and fittings	straight line over 3 years
Computers	straight line over 3 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

1.7 Non-current investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the parent company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

MM STAR HOLDCO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2024

1 Accounting policies

(Continued)

1.8 Impairment of tangible and intangible assets

At each reporting end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.9 Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

Inventories held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Any excess of the carrying amount of inventories over its estimated selling price less costs to complete and sell is recognised as an impairment loss in the consolidated statement of comprehensive income. Reversals of impairment losses are also recognised in the consolidated statement of comprehensive income.

1.10 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.11 Financial assets

Financial assets are recognised in the group's statement of financial position when the group becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

MM STAR HOLDCO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2024

1 Accounting policies

(Continued)

Financial assets at fair value through profit or loss

When any of the above-mentioned conditions for classification of financial assets is not met, a financial asset is classified as measured at fair value through profit or loss. Financial assets measured at fair value through profit or loss are recognized initially at fair value and any transaction costs are recognised in profit or loss when incurred. A gain or loss on a financial asset measured at fair value through profit or loss is recognised in profit or loss, and is included within finance income or finance costs in the statement of income for the reporting period in which it arises.

Financial assets held at amortised cost

Financial instruments are classified as financial assets measured at amortised cost where the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest. They arise principally from the provision of goods and services to customers (eg trade receivables). They are initially recognised at fair value plus transaction costs directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment where necessary.

Financial assets at fair value through other comprehensive income

Debt instruments are classified as financial assets measured at fair value through other comprehensive income where the financial assets are held within the group's business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument measured at fair value through other comprehensive income is recognised initially at fair value plus transaction costs directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognised through other comprehensive income are directly transferred to profit or loss when the debt instrument is derecognised.

Impairment of financial assets

Financial assets carried at amortised cost or at fair value through other comprehensive income are assessed for indicators of impairment at each reporting end date.

The expected credit losses associated with these assets are estimated on a forward-looking basis. A broad range of information is considered when assessing credit risk and measuring expected credit losses, including past events, current conditions, and reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

1.12 Financial liabilities

The group recognises financial debt when the group becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

Other financial liabilities

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

MM STAR HOLDCO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2024

1 Accounting policies

(Continued)

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the group's obligations are discharged, cancelled, or they expire.

1.13 Equity instruments

Equity instruments issued by the parent company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer payable at the discretion of the company.

1.14 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.15 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.16 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

MM STAR HOLDCO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2024

1 Accounting policies

(Continued)

1.17 Expenditure

All items of expenses are recognised on an accrual basis in the statement of comprehensive income. A provision for expenses is recognised when the company has a present obligation (legal or constructive) as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

2 Adoption of new and revised standards and changes in accounting policies

In the current period, the following new and revised standards and interpretations have been adopted by the group but have had no effect on the current period or a prior period or and are not expected to have an effect on future periods:

- Supplier Finance Arrangements (Amendments to IAS7 and IFRS7)
- Non-current Liabilities with Covenants (Amendments to IAS1) and Classification of Liabilities as Current or Non-current (Amendments to IAS1)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS16)

The adoption of these standards has not had any effect on the reported financial position or results of the Group.

Standards which are in issue but not yet effective

At the date of authorisation of these financial statements, the Group has not applied the following new and revised standards that have been issued but are not effective yet:

- Lack of Exchangeability (Amendments to IAS1) effective 1 January 2025
- Classification and Measurement of Financial Instruments (Amendments to IFRS 7 and IFRS 9) effective 1 January 2026
- Annual Improvements to IFRS Standards (Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7) effective 1 January 2026.
- Contracts Referencing Nature-Dependent Electricity (Amendments to IFRS 7 and IFRS 9) effective 1 January 2026
- IFRS18 'Presentation and Disclosure in Financial Statements' effective 1 January 2027
- IFRS19 'Subsidiaries without Public Accountability: Disclosures' effective 1 January 2027

The Group is not expecting to change its reported profits or net asset position as a result of these disclosures, although it is expected to change the presentation of these results as a consequence of the disclosure requirements of IFRS 18.

MM STAR HOLDCO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2024

3 Critical accounting estimates and judgements

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Critical judgements

Property valuation

The directors consider that as the group's property is the key asset from which the group's profits are obtained, the value of that property is important information for users of the accounts. Therefore the directors have selected a policy of recording the property at fair value as the most appropriate.

Asset purchase

In accordance with IFRS 3 Business Combinations, the directors have assessed the nature of the entities acquired and concluded it does meet the definition of a business. However the business consists of one asset, namely one operational hotel. Therefore the acquisition meets the concentration test in IFRS 3 allowing it to be treated as an asset purchase.

Acquisition financing

Simultaneously with the acquisition by the Parent, the Group has sold the hotel to a finance provider and entered a tenant repairing lease for 150 years with a repurchase option after 65 years for £1.

It is virtually certain that the property will be repurchased based on these terms. The lease places no substantive restrictions on the group's operations during the period of the lease. Therefore the directors have assessed the arrangement to include retention of substantially all risk and rewards of ownership.

Therefore in substance the group has not sold the property but has retained it while using it as security for borrowings. The accounts reflect this substance rather than the legal form, with the property ownership recognised and with borrowings calculated in accordance with IFRS 9.

Key sources of estimation uncertainty

Property valuation

The group's policy of recording land and buildings at fair value requires annual updates to the value of the property. As no active market of fungible assets exists, the value needs to be derived by observations of transactions of similar assets and projections of expected future cashflows.

The valuation estimate is determined according to the guidance of IFRS 13 'Fair Value Measurement', with consideration of the hierarchy at levels 1-3. The valuation technique used is in accordance with level 3, with inputs being determined by an independent specialist valuer. The key inputs to this valuation, and sensitivities thereon, are provided in note 12.

MM STAR HOLDCO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2024

4 Revenue

	December 2024 £	June 2024 (unaudited) £
Revenue analysed by class of business		
<u>Provision of services</u>		
Rooms	5,080,782	-
Food and beverage	1,290,691	-
Event spaces	40,583	-
	<u>6,412,056</u>	<u>-</u>
	<u>£</u>	<u>£</u>
Revenue analysed by geographical market		
United Kingdom	6,412,056	-
	<u>£</u>	<u>£</u>

Contract liabilities

	Acquired £	Payments Received £	Income Recognised £	31 December 2024 £
Guest deposits	353,764	6,168,719	(6,412,056)	110,427
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>

5 Operating (loss)/profit

	December 2024 £	June 2024 (unaudited) £
Operating profit for the period is stated after charging/(crediting):	£	£
Depreciation of property, plant and equipment	1,065,076	-
Cost of inventories recognised as an expense	196,562	-
	<u>£</u>	<u>£</u>

6 Auditor's remuneration

	December 2024 £	June 2024 (unaudited) £
Fees payable to the group's auditor and associates:	£	£
For audit services		
Audit of the financial statements of the company and its subsidiaries	154,450	-
	<u>£</u>	<u>£</u>

MM STAR HOLDCO LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**
FOR THE PERIOD ENDED 31 DECEMBER 2024**7 Employees**

The average monthly number of persons (including directors) employed by the group during the period was:

	December 2024 Number	June 2024 (unaudited) Number
Directors	3	3
Hotel personnel	90	-
	<hr/>	<hr/>
Total	93	3
	<hr/> <hr/>	<hr/> <hr/>

Their aggregate remuneration comprised:

	December 2024 £	June 2024 (unaudited) £
Wages and salaries	1,054,045	-
Social security costs	73,273	-
Pension costs	15,791	-
	<hr/>	<hr/>
	1,143,109	-
	<hr/> <hr/>	<hr/> <hr/>

The directors received no remuneration (June 2024: £nil).

8 Employees : Parent Company

The average monthly number of persons (including directors) employed by the company during the period was:

	December 2024 Number	June 2024 (unaudited) Number
Directors	3	3
	<hr/> <hr/>	<hr/> <hr/>

9 Interest income

	December 2024 £	June 2024 (unaudited) £
Financial instruments measured at amortised cost:		
Bank deposits	42,798	-
	<hr/>	<hr/>
	42,798	-
	<hr/> <hr/>	<hr/> <hr/>

MM STAR HOLDCO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2024

10 Finance costs

	December 2024 £	June 2024 (unaudited) £
Interest on bank overdrafts and loans	1,240,671	-
Other interest payable	33,081	-
	<hr/>	<hr/>
Total interest expense	1,273,752	-
Exchange differences on financing transactions	2,436	-
	<hr/>	<hr/>
	<u>1,276,188</u>	<u>-</u>

11 Income tax expense

	December 2024 £	June 2024 (unaudited) £
Current tax		
UK corporation tax on profits for the current period	(3,040)	-
Foreign taxes and reliefs	5,246	-
	<hr/>	<hr/>
	2,206	-
	<hr/>	<hr/>
Deferred tax		
Origination and reversal of temporary differences	636,385	-
	<hr/>	<hr/>
Total tax charge	<u>638,591</u>	<u>-</u>

MM STAR HOLDCO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2024

11 Income tax expense (Continued)

The charge for the period can be reconciled to the profit per the consolidated statement of comprehensive income as follows:

	December 2024 £	June 2024 (unaudited) £
Profit before taxation	460,971	-
Expected tax charge based on a corporation tax rate of 25.00% (June 2024 (unaudited): 23.50%)	115,243	-
Effect of expenses not deductible in determining taxable profit	2,167	-
Change in unrecognised deferred tax assets	457,787	-
Depreciation on assets not qualifying for tax allowances	187,876	-
Effect of overseas tax rates	5,246	-
Under/(over) provided in prior years	3,175	-
Purchase of operational hotel	(441,889)	-
Interest restriction	308,986	-
Taxation charge for the period	638,591	-

Corporation tax is charged at 25% in accordance with current UK tax legislation.

In addition to the amount charged to the income statement, the following amounts relating to tax have been recognised directly in other comprehensive income:

	December 2024 £	June 2024 (unaudited) £
Deferred tax arising on:		
Revaluation gain on property, plant & equipment	3,780,000	-

12 Property, plant and equipment

	Leasehold land and buildings £	Leasehold improvements £	Fixtures and fittings £	Computers £	Total £
Cost or valuation					
At 1 July 2023 and 1 July 2024	-	-	-	-	-
Additions	1,898,227	-	6,071	-	1,904,298
Purchase of operational hotel	57,124,446	154,773	2,862,716	8,945	60,150,880
Disposals	-	-	(1,944)	-	(1,944)
Revaluation increase	14,602,528	-	-	-	14,602,528
At 31 December 2024	73,625,201	154,773	2,866,843	8,945	76,655,762

MM STAR HOLDCO LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**
FOR THE PERIOD ENDED 31 DECEMBER 2024**12 Property, plant and equipment****(Continued)**

	Leasehold land and buildings	Leasehold improvements	Fixtures and fittings	Computers	Total
	£	£	£	£	£
Accumulated depreciation and impairment					
At 1 July 2023 and 1 July 2024	-	-	-	-	-
Charge for the period	507,370	29,800	525,868	2,038	1,065,076
Eliminated on disposal	-	-	(1,944)	-	(1,944)
Eliminated on revaluation	(507,370)	-	-	-	(507,370)
	<u>-</u>	<u>29,800</u>	<u>523,924</u>	<u>2,038</u>	<u>555,762</u>
Carrying amount					
At 31 December 2024	<u>73,625,201</u>	<u>124,973</u>	<u>2,342,919</u>	<u>6,907</u>	<u>76,100,000</u>

The Group acquired a hotel on 19 July 2024, where this trade met the definition of a business under IFRS 3. The Group has applied the concentration test of IFRS 3, which permits it to recognise the acquisition as individual assets instead of performing a full fair value assessment for the acquisition. Details of the assets acquired are shown separately above, but otherwise no further disclosures of the acquisition are provided.

The directors have assessed the value at the year-end and concluded it is not materially different from the professional valuation above.

MM STAR HOLDCO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2024

12 Property, plant and equipment

(Continued)

The leasehold property includes land of £3,310,783 which is not depreciated.

The revaluation surplus is included in the revaluation reserve less related deferred tax.

The Group's property was valued at £76.1 million as of 31 December 2024 based on Management's internal valuation techniques. The fair value measurement is classified within Level 3 of the IFRS 13 fair value hierarchy due to the use of significant unobservable inputs. Management's internal assessment was prepared using a discounted cash flow ("DCF") approach which assesses Net Operating income ("NOI") over time, discounted to a net present value. The DCF also factors in the sale of the Hotel at the end of the forecast period, which is also discounted to a net present value. The sale consideration is based on an exit capitalisation rate which is a measurement of NOI over asset value.

The key unobservable inputs used in the valuation include:

- Forecasted Hotel performance
- Exit capitalisation rate
- Inflation assumptions
- Discount rate (being a combination of exit capitalisation rate and inflation)

Management has performed a sensitivity analysis of the valuation by varying key inputs. The results are noted below.

- If the exit capitalisation rate increased by 50 bps, the valuation would decrease by £5.1m
- If the Year 1 NOI were to decrease by 5%, the valuation would decrease by £4m
- If the exit capitalisation rate decreased by 50 bps, the valuation would increase by £5.9m
- If the year 1 NOI were to increase by 5% the valuation would increase by £4m

A combination of a change in both NOI and exit capitalisation rate could have a material impact in the fair value of the property.

Leasehold property is carried at valuation. If it was measured using the cost model, the carrying amounts would be as follows:

	31 December 2024 £	30 June 2024 (unaudited) £
Cost	59,022,673	-
Accumulated depreciation	(507,370)	-
Carrying value	<u>58,515,303</u>	<u>-</u>

MM STAR HOLDCO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2024

13 Investments : Parent Company

	Current		Non-current	
	December 2024	June 2024 (unaudited)	December 2024	June 2024 (unaudited)
	£	£	£	£
Investments in subsidiaries	-	-	1	1
Classified as part of a disposal group held for sale	-	-	-	-
	=====	=====	=====	=====

Fair value of financial assets carried at amortised cost

Except as detailed below the directors believe that the carrying amounts of financial assets carried at amortised cost in the financial statements approximate to their fair values.

Investment in subsidiary undertakings

Details of the company's principal operating subsidiaries are included in 14.

Movements in non-current investments

	Shares in subsidiaries
	£
Cost or valuation	
At 1 July 2024 & 31 December 2024	1
	=====
Carrying amount	
At 31 December 2024	1
	=====
At 30 June 2024	1
	=====

14 Subsidiaries

Details of the company's subsidiaries at 31 December 2024 are as follows:

Name of undertaking	Registered office	Principal activities	Class of shares held	% Held	
				Direct	Indirect
MM Star Bidco Limited	111 Park Street, London, W1K 7JL	Holding company	Ordinary	100.00	-
Erskine House Opco Limited	111 Park Street, London, W1K 7JL	Hotel operation	Ordinary	-	100.00
SOF-11 Erskine House Investment Lux SARL	2-4 Rue Eugene Ruppert, L-2453, Luxembourg	Property	Ordinary	-	100.00

15 Inventories

	December 2024	June 2024 (unaudited)
	£	£
Raw materials	19,719	-
	=====	=====

MM STAR HOLDCO LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2024****16 Trade and other receivables**

	December 2024	June 2024 (unaudited)
	£	£
Trade receivables	1,501	-
Other receivables	126,646	1
Prepayments	309,181	362,800
	<u>437,328</u>	<u>362,801</u>

The prepayment in the previous period relates to business combination costs which were moved to be capitalised as a cost of leasehold property during the current year.

17 Trade and other receivables : Parent Company

	December 2024	June 2024 (unaudited)
	£	£
Amounts owed by subsidiary undertakings	19,529,900	-
Other receivables	1,056	1
	<u>19,530,956</u>	<u>1</u>

18 Trade receivables - credit risk**Fair value of trade receivables**

The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

Credit risk

No significant receivable balances are impaired at the reporting end date.

The Group and Company have minimal exposure to credit risk on the basis that virtually all hotel stays are paid in advance. Accordingly no disclosures have been provided around exposure to credit risk on the grounds that the Directors consider this to be trivial. There have been no changes in the credit risk assessment and the Group and Company has therefore considered the 12 month expected credit loss. The resulting impairment is not considered material and therefore no provision has been recognised (June 2024 - £nil).

MM STAR HOLDCO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2024

19 Borrowings

	Current		Non-current	
	December 2024	June 2024 (unaudited)	December 2024	June 2024 (unaudited)
	£	£	£	£
Borrowings held at amortised cost:				
Bank overdrafts	317	-	-	-
Bank loans	700,000	-	14,417,183	-
Sale and lease back recorded as a financing transaction	-	-	25,061,856	-
	<u>700,317</u>	<u>-</u>	<u>39,479,039</u>	<u>-</u>

The bank loans are secured by fixed and floating over the trade and assets of the company and its subsidiaries. Charges are limited to the maximum potential liability of the outstanding principal and accrued unpaid interest on the loan.

The group entered into a loan relationship with Clydesdale Bank PLC (t/a Virgin Money) on 19 July 2024. The loan is classified as Senior Debt and attracts interest on outstanding balances. The interest rate is the Daily Non-Cumulative Compounded SONIA rate plus a margin of 2.75% per annum. Loan amortisation and Interest on outstanding amounts are settled quarterly.

On 19 July 2024 the group signed a sale and 150 year lease agreement on its property. Under the terms of the agreement the transaction has not been recognised as a sale based on the substance over form principle, given that this was fundamentally financing used by the Group in making the acquisition. Despite being a 150 year lease, there is a buyback option after 65 years which permits the Group to repurchase the entire interest in the property for £1, which is virtually certain to be taken. Since the significant risks and rewards of ownership of the asset remain with the group, the transaction has been accounted for as a finance liability instead of a sale.

The financing arrangement carries an implied internal rate of return of 5.95%, which is calculated assuming the buyback option is exercised.

As a result, the proceeds from the transaction have been recorded as a liability on the balance sheet, reflecting the obligation to repay the proceeds with interest in the future. The acquisition of the property has been accounted for as part of the asset acquisition described in note 12, without reference to this financing transaction.

Annual ground rent payments are classified as financial expenses, representing interest on the finance liability. At the end of each year, the principal is increased by the accrued but unpaid interest.

20 Fair value of financial liabilities

The directors consider that the carrying amounts of financial liabilities carried at amortised cost in the financial statements approximate to their fair values.

MM STAR HOLDCO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2024

21 Liquidity risk

The following table details the remaining contractual maturity for the group's financial liabilities with agreed repayment periods. The contractual maturity is based on the earliest date on which the group may be required to pay.

	Less than 1 month	1 – 3 months	3 months to 1 year	1 – 5 years	5+ years	Total
	£	£	£	£	£	£
At 31 December 2024						
Trade payables	524,693	-	-	-	-	524,693
Other payables	109,864	-	-	-	-	109,864
Bank loans	-	175,000	525,000	2,800,000	11,950,000	15,450,000
Sale and lease back recorded as a financing transaction	-	218,940	656,820	3,503,040	52,107,720	56,486,520
	<u>634,557</u>	<u>393,940</u>	<u>1,181,820</u>	<u>6,303,040</u>	<u>64,057,720</u>	<u>72,571,077</u>

22 Market risk

Interest rate risk

The carrying amounts of financial liabilities which expose the group to cash flow interest rate risk are as follows:

	December 2024	June 2024 (unaudited)
	£	£
Bank loans	15,450,000	-

Foreign currency risk

The group's operations are within the United Kingdom so are not exposed to direct material foreign currency risks.

23 Trade and other payables

	December 2024	June 2024 (unaudited)
	£	£
Trade payables	524,693	2,261
Accruals	1,390,582	-
Social security and other taxation	363,824	-
Other payables	51,214	362,800
	<u>2,330,313</u>	<u>365,061</u>

MM STAR HOLDCO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2024

24 Trade and other payables : Parent Company

	December 2024 £	June 2024 (unaudited) £
Trade payables	300	-
Accruals	48,350	-
Other payables	1	1
	<u>48,651</u>	<u>1</u>

25 Deferred taxation

	Liabilities		Assets	
	December 2024 £	June 2024 (unaudited) £	December 2024 £	June 2024 (unaudited) £
Deferred tax balances	4,050,300	-	75,803	-
	<u>4,050,300</u>	<u>-</u>	<u>75,803</u>	<u>-</u>

Deferred tax assets are expected to be recovered after more than one year

The following are the major deferred tax liabilities and assets recognised by the group and movements thereon during the current and prior reporting period.

	Accelerated capital allowances £	Tax losses £	Revaluation s £	Short-term timing differences £	Total £
Liability at 1 July 2023 and 1 July 2024	-	-	-	-	-
Deferred tax movements in current year					
Charge/(credit) to other comprehensive income	-	-	3,780,000	-	3,780,000
Effect of change in tax rate - profit or loss	944,129	(305,496)	-	(2,247)	636,386
Purchase of operational hotel	-	(441,889)	-	-	(441,889)
	<u>883,391</u>	<u>(613,091)</u>	<u>3,780,000</u>	<u>-</u>	<u>4,050,300</u>
Liability at 31 December 2024	883,391	(613,091)	3,780,000	-	4,050,300
Asset at 31 December 2024	60,738	(134,294)	-	(2,247)	(75,803)
	<u>60,738</u>	<u>(134,294)</u>	<u>-</u>	<u>(2,247)</u>	<u>(75,803)</u>

26 Contract liabilities

	December 2024 £	June 2024 (unaudited) £
Guest deposits	110,427	-
	<u>110,427</u>	<u>-</u>

All deferred revenues are expected to be settled within 12 months from the reporting date.

MM STAR HOLDCO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2024

27 Retirement benefit schemes

	December 2024	June 2024 (unaudited)
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	15,791	-
	<u>15,791</u>	<u>-</u>

The group operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

Contributions due to the scheme at the year-end were £23,858.

28 Share capital: Group and Parent Company

	December 2024	June 2024 (unaudited)	December 2024	June 2024 (unaudited)
	Number	Number	£	£
Ordinary share capital				
<i>Issued and fully paid</i>				
Ordinary of £1 each	1	1	1	1
	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

1 £1 ordinary share was issued for cash at par on incorporation.

The Company's Articles do not specify an authorised share capital, subject to a minimum of one Ordinary share being in existence. Any new share capital may be issued by Ordinary resolution.

29 Revaluation reserve

	December 2024	June 2024 (unaudited)
	£	£
At the beginning of the period	-	-
Revaluation surplus arising in the period	15,109,898	-
Deferred tax on revaluation of PPE	(3,780,000)	-
	<u>11,329,898</u>	<u>-</u>
At the end of the period	11,329,898	-
	<u>11,329,898</u>	<u>-</u>

30 Shareholder advance reserve

Shareholder Advance represents funding from the Parent Entity, Millemont 3 Limited Partnership ("the Partnership") which was used to fund the acquisition of the Yotel Edinburgh as well the working capital requirements of the Group. This funding is interest free and unsecured and has no repayment date.

The Company may elect to repay the advance in whole or in part at any time and the Company may repay any part of the advance by settling in cash or through an issuance of a fixed number of ordinary shares of the Company. If the Company elects to repay any advance through an issuance of ordinary shares of the Company, the ratio will be 1 ordinary share for each £1 of advance. The option to settle in cash or by issuing shares of the Company is at the Company's sole election and there are no circumstances which would allow the Partnership to demand repayment of any advance in either cash or through an issuance of shares of the Company.

MM STAR HOLDCO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2024

31 Capital risk management

The group is not subject to any externally imposed capital requirements.

32 Related party transactions

Remuneration of key management personnel

There are no key management personnel other than directors, who received no remuneration during the period (June 2024 - £nil).

The following amounts were outstanding at the reporting end date:

The Group and Company owes £19,545,030 (June 2024: £nil) to the major shareholder of the group, Millemont 3 Limited Partnership. Details of the advance and its treatment are provided in note 30.

Other information

Management and incentive fees billed by TROO Hospitality Limited, a company under common control, totalled £203,249 in the period. Expense recharges totalling £13,473 were also billed in the period. A balance of £ 32,840 owed from group companies to TROO Hospitality Limited remained outstanding at the period end.

Fees paid to Millemont Capital Partners, a company under common control, were £13,348.

33 Controlling party

The immediate parent undertaking is Millemont 3 Limited Partnership.

The controlling party is Millemont GP3 LLP, being the general partner of the above.

The ultimate controlling party is Millemont Holdings Limited.

34 Subsequent events

There have been no significant events since the balance sheet date requiring disclosure in these financial statements.

MM STAR HOLDCO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2024

35 Cash generated from group operations

	December 2024 £	June 2024 (unaudited) £
Profit for the period before taxation	460,971	-
Adjustments for:		
Finance costs	1,276,188	-
Interest income	(42,798)	-
Depreciation and impairment of property, plant and equipment	1,065,076	-
Movements in working capital:		
Increase in inventories	(19,719)	-
Increase in trade and other receivables	(74,527)	(362,800)
Increase in trade and other payables	1,965,256	365,061
Increase in deferred revenue outstanding	110,427	-
Cash generated from operations	<u>4,740,874</u>	<u>2,261</u>

36 Analysis of changes in net funds/(debt)

	1 July 2024 £	Cash flows £	Accrued interest £	31 December 2024 £
Cash at bank and in hand	2,261	732,594	-	734,855
Bank overdrafts	-	(317)	-	(317)
	<u>2,261</u>	<u>732,277</u>	<u>-</u>	<u>734,538</u>
Borrowings excluding overdrafts	-	(40,117,183)	(61,856)	(40,179,039)
	<u>2,261</u>	<u>(39,384,906)</u>	<u>(61,856)</u>	<u>(39,444,501)</u>