



Valuation Report

22.04.2025

YOTEL EDINBURGH

68-73 Queen Street, Edinburgh

22nd April 2025

Dear Sirs,

The Board of Directors,

MM Star Malta Finance
p.l.c.
Level 3, Valletta Buildings
Triq Nofs In-Nhar
Valletta VLT 1103

RE: PROPERTY VALUATION OF YOTEL EDINBURGH – 28-73 Queen Street, Edinburgh

In accordance with the instructions contained in the terms of engagement agreement – we the undersigned valuers, who have acted as external valuers - have inspected the documentation and made such enquiries as are sufficient to provide you with our opinion of the market values of the long leasehold interest of the Hotel in its existing state as at the valuation date of April 22, 2025.

The Valuation has been prepared in accordance with the Chapter 7 of the Capital Markets Rules published by the Malta Financial Services Authority, and the Royal Institute of Chartered Surveyors Valuation – Global Standards (2025). There has been no departure from these standards.

Furthermore, it is to be noted that:

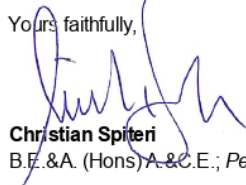
- no outside assistance was required in the preparation of this report;
- the Valuation was conducted by C&K Architecture who have acted as valuers.
- there is no material uncertainty to report;
- there is no restrictions as to the choice of valuation method used.
- there were no variations from standard assumptions;

By taking into consideration the characteristics and conditions described in the Report, it may be established that as at the valuation date of April 22, 2025, the present Market Value of the long leasehold interest of the Property in its existing state is approximately **£54,800,000 (Fifty-four million, eight hundred thousand pounds)**.

Note that the valuation represents the figure that would appear in a hypothetical contract of sale at the valuation date. No allowances have been made for any expenses of realization nor for taxation which might arise in the event of a disposal. No account has been taken of any mortgages, debentures, or other charges.

We trust that our report meets your requirements; however, should you have any queries, please do not hesitate to contact us.

Yours faithfully,



Christian Spiteri
B.E. & A. (Hons) A.C.E.; *Perit*

Partner
For and on behalf of
C&K Architecture

Encl.: Property valuation report and appendices

LEGAL NOTICE AND DISCLAIMERS

Valuations	<p>This valuation is a professional opinion and is expressly not intended to serve as a warranty, assurance or guarantee of any particular value of the subject property. Other valuers may reach different conclusions as to the value of the subject properties. This valuation is for the sole purpose of providing the intended users with the valuer's independent professional opinion of the value of the subject property as at the valuation date.</p>
Reliance	<p>This report is for the use only of the parties to whom it is addressed, for the specific purpose set out herein and no responsibility is accepted to any third party for the whole or any part of its contents.</p> <p>It is important that the report is not used out of context or for the purposes for which it was not intended. We shall have no responsibility or liability to any party in the event that the report is used outside of the purposes for which it was intended, or outside of the restrictions on its use.</p> <p>We are responsible only to the client; and any other person making use of this valuation shall do so solely at his or her risk.</p>
Consent to publication and use	<p>We consent to the inclusion and attachment of this report to any documents required for the specific purpose of this valuation.</p> <p>Besides this, neither the whole nor any part of the report or reference to it may be included now, or any time in the future, in any other published documents, circular or statement, referred to or used in any way without the prior written consent of the Undersigned.</p>
Information and verification	<p>We have taken reasonable care to ensure that the information is up-to-date, complete and correct and may be safely relied on, and to the best of my knowledge is in accordance with the facts as given to me, and contains no omission likely to affect the value of the building.</p> <p>Furthermore, it has been assumed that any information supplied can, if necessary, be verified. Should any of the information provided be found to be inaccurate or incomplete there could be a variation in value.</p> <p>It is recommended that should any further reports or audits, inter alia, to condition, legal or environmental issues become available, then copies should be forwarded to the Undersigned in order to comment upon their impact on value.</p>
Liability cap	<p>Our maximum liability to any relying parties howsoever arising under, in connection with or pursuant to this report and/or the Instruction together, whether in contract, tort, negligence or otherwise shall not exceed the sum of:</p> <p>i. £1,500,000 (One million, five hundred thousand pounds).</p>
Jurisdiction	<p>This report and any disputes arising from this valuation is subject to Maltese jurisdiction and law.</p>
Independence of Valuer	<p>The undersigned architect herewith confirms that he is not conflicted in issuing this Valuation Report and is therefore independent from the Issuer for the purposes of CMR 7.3. This is in view of the fact that saving the valuation of the Property, the undersigned architect has no working/business relationship with the Issuer and that the only funds received by the undersigned architect from the Issuer shall consist of the professional fee due for this Valuation Report. This declaration also extends to the associates and staff of the undersigned architect.</p>

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SECTION 1

BACKGROUND

A. BACKGROUND

A1. Report date

22nd April 2025 (the “Report Date”, which is the date on which the valuer signs the report).

A2. Issue status

Draft (Revision 2).

A3. Client

The Board of Directors

MM Star Malta Finance p.l.c.

Level 3, Valletta Buildings

Triq Nofs In-Nhar

Valletta VLT 1103

A4. Subject property

This Valuation relates solely to Yotel Edinburgh – 68-73 Queen Street, Edinburgh, for which the group that the client is part of holds the long lease title.

A5. Instructions and purpose of valuation

We have been instructed by the Client to conduct a full valuation (the “Valuation”) of the long leasehold interest of the Property in its existing state.

The Valuation is required for the purpose for inclusion with the Prospectus, in accordance with Chapter 7 of the Capital Markets Rules of the Malta Financial Services Authority.

A8. Valuation date

The effective date of the Valuation (which is the date to which the opinion of value applies; hereafter referred to as the “Valuation Date”) is 22th April 2025 as instructed by the Client.

The importance of the Valuation Date must be stressed as property values can change over a relatively short period. However, it must be noted that to the best of my knowledge and belief there have been no material changes in circumstances between, the Valuation Date, and the Report Date.

A9. Compliance

The Valuation has been prepared in accordance with the Chapter 7 of the Capital Markets Rules published by the MFSA (hereafter referred to as the “Capital Markets Rules”) and the Royal Institute of Chartered Surveyors (RICS) Valuation – Global Standards (2025), which incorporate the International Valuation Standards (IVS, 2025). This is also known as the ‘Red Book’ and is hereafter referred to as the “Valuation Standards”.

Capital Markets Rules 7.4.7 and 7.4.8 are not applicable to this Report.

The undersigned architect is not a member of the Royal Institution of Chartered Surveyors (RICS), however the valuation set out herein has taken into consideration the aforementioned valuation manual of RICS.”

Other documents referred to in the preparation of the Report include:

- the Kamra tal-Periti (KTP) Valuation Standards for Accredited Valuers (2012);
- the European Valuation Standards (2025, 10th edition) published by TEGOVA;
- the International Property Measurement Standards (IPMS);
- the RICS (2018, 1st edition) Global professional standard titled ‘Environmental risks and global real estate’;
- the RICS practice information paper titled ‘Discounted cash flow valuations’ (2023);
- the RICS information paper titled ‘Capital and rental valuation of hotels in the UK’ (2nd edition);
- the RICS guidance note titled ‘Comparable evidence in real estate valuation’ (2019 – 1st edition); and
- the RICS Valuation – Global Standards: UK national supplement (2024).

A10. Basis of valuation

This Valuation leads to an estimation of the present Market Value (as defined in Section L1 of this Report) of the long leasehold interest of the Property in its existing state at the Valuation Date.

A11. Assumptions

The details on which the valuation is based – in terms of conditions, investigations, sources of information, assumptions and special assumptions - are as set out in this Report.

We have made various assumptions as to tenure, letting, town planning, and the condition and repair of buildings and sites – including ground and groundwater contamination – as set out below. If any of the information or assumptions on which the valuation is based are subsequently found to be incorrect, the valuation figures may also be incorrect and should be reconsidered.

Furthermore, there have been no variations from general assumptions.

B. VALUER INFORMATION

B1. Details of the Valuer

This Valuation was led by Christian Spiteri and reviewed and signed by Christian Spiteri (hereafter referred to as the “Undersigned” or the “Valuer” in this Report) on behalf of C&K Architecture Ltd. (hereafter referred to as ‘C&K’)

Valuer	Christian Spiteri
Role	Founding partner
Company	C&K Architecture
Warrant No.	351
ID No.	546971M
Memberships	KTP
Qualifications	B.E.&A. (Hons) A.&C.E.; <i>Perit</i>
Contact No.	+356 2132 0005
Email	christian@candkarchitects.com
Address	27, St George's Street, Gzira GZR 1336, Malta

B2. Capacity of the Valuer

The Undersigned has taken on this assignment as an External Valuer as defined in the Valuation Standards. Furthermore, it is hereby confirmed that the Undersigned:

- has sufficient current local knowledge of the particular property market involved and has the knowledge, skills and ability required to perform this Report competently in accordance with the Valuation Standards;
- no outside assistance was required in the preparation of this Report;
- has more than two years post-warrant experience in property valuations;
- is not a member of RICS;
- is covered by Professional Indemnity Insurance (PII) which is updated in terms of standard provisions; and
- is able to conduct a defensible and objective valuation as an independent valuer in line with the Valuation Standards; and
- we were paid an appropriate fee and given an appropriate deadline to conduct this Valuation properly.

SECTION 2

PROPERTY DESCRIPTION

C. PROPERTY DESCRIPTION

C1. Building type and description

The Property consists of:

- One property (Yotel Edinburgh) consisting of 276-key 4-star hotel (see Section C2 below)

C2. The Yotel Edinburgh

Edinburgh is the capital and 2nd most populated city in Scotland, and the 7th largest city in the UK, with a population of c. 537,000 people (2020). Edinburgh is one of the strongest tourist and retail destinations in the UK outside London, and tourism contributes significantly to the economic strength of the city. Edinburgh has a rich history with a number of attractions, including Edinburgh Castle, Holyrood Park and Palace, Arthur's Seat, a medieval Old Town and an extensive Georgian New Town. The city is also famous for the Edinburgh International Festival, The Royal Edinburgh Military Tattoo and the Edinburgh Fringe, the latter being the largest annual international arts festival in the world, attracting over 2.6 million visitors a year.

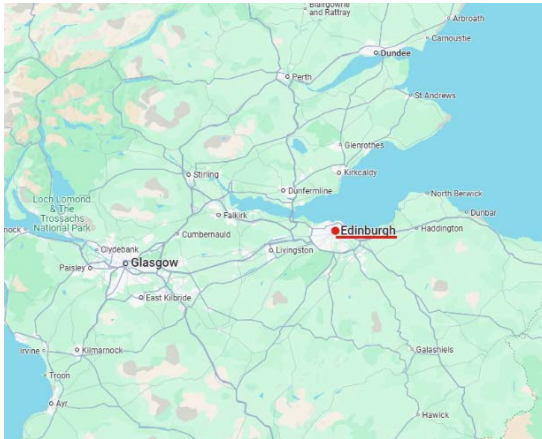
The city's historical and cultural attractions, together with an annual calendar of events aimed primarily at the tourist market, have made it the second most popular tourist destination in the United Kingdom after London, attracting approximately 24.8 million day visitors, 2.3 million international overnight visitors, and contributing £2 billion to the local economy per year (2019).

International overnight visitor numbers dropped to 277,000 in 2020 as a result of COVID, recovering marginally to 424,000 in 2021.

The Property is situated within Edinburgh's New Town on the south side of Queen Street, close to its junction with North Charlotte Street. Forming one of the principal west to east routes through the city centre, Queen Street provides a broad mix of property uses incorporating office, retail and residential premises. The prime retailing core of Princes Street and George Street lie a short distance to the south and are accessed from the subjects via North Charlotte Street.

The Property benefits from excellent access via road and public transport networks with both Waverley and Haymarket train stations located within a short walking distance and Edinburgh International Airport is approximately 8 miles west (20 minutes' drive) from the Property.

General location maps which show the location and situation of the Property in its regional context, are provided below:

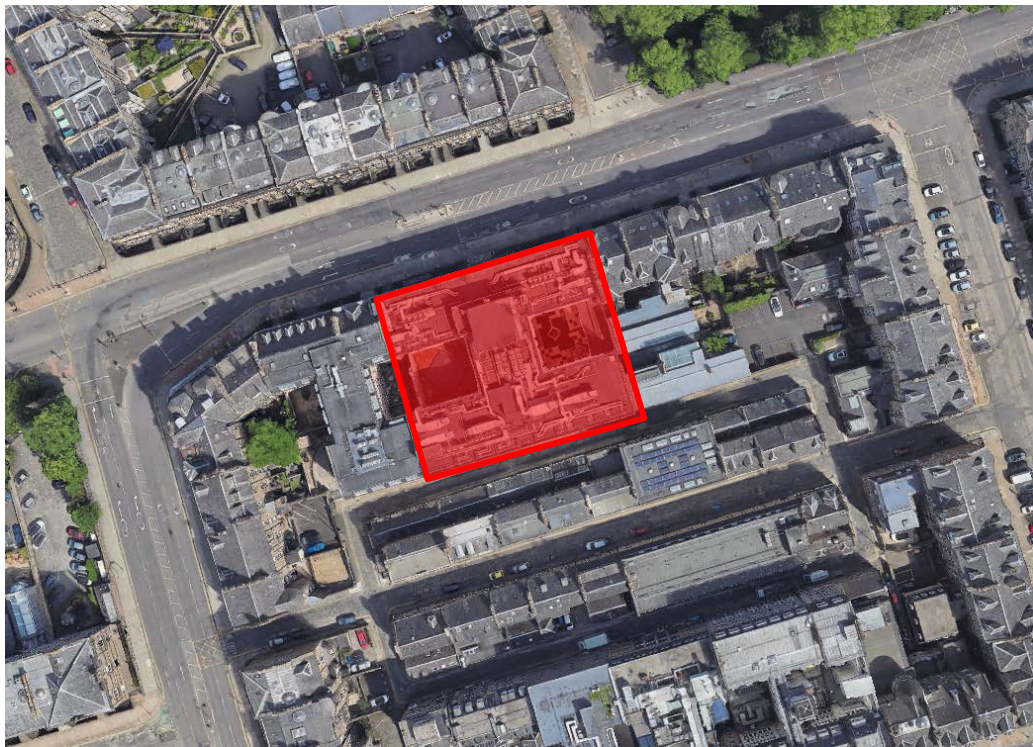


LOCATION



SITUATION

The site extends to 0.31 acres (0.13 hectares) and is broadly rectangular in shape with the site boundaries defined by the Native Aparthotel (No 74-77 Queen Street) to the West, 66-67 Queen Street to the West, Young Street North Lane to the South and Queen Street pavement to the North. The area and the precise site boundaries have been provided by the Issuer.



SITE PLAN

C3. Property Description

Yotel Edinburgh is an upscale hotel comprising a total of 276 guest bedrooms, as well as ground floor restaurant/bar, flexible conference space and gym. The property is situated within a 1960's former office building known as Erskine House, arranged across lower ground, ground and five upper floors. The business was opened as Yotel Edinburgh in Q4 2019.



FRONT ELEVATION

Component	Characteristics
Tenure	Long Leasehold
Year Built	c. 1967 (as office)
Market Position	Upscale Hotel, date of conversion to a hotel August 2019
Brand	Yotel
No. of Floors	7
Construction	The Property, is of concrete frame construction arranged across basement, ground and five upper floors under a flat roof. Elevations have stone panel cladding. Windows are double glazed.
Bedrooms	276 bedrooms
Food & Beverage	- Komyuniti - Restaurant/Bar - Kohi - Breakfast (c.70 covers) - Imaginex (c.130 covers)
Leisure	24/7 Fitness Room
Back of House	- Kitchen - Storage space - Offices - Staff break room
Car Parking	2 parking spaces

C4. Bedroom accommodation

The Property comprises a total of 276 en-suite air-conditioned bedrooms, split across five room types: Premium, Executive, First Class, VIP and DDA Cabin. Room sizes range from 14 – 47 sq. m. and accommodation is arranged across basement, ground and five upper floors of the building. We are advised that 14 of the bedrooms are internal / windowless.

Room Type	No.	%	Room Area (m ²)
Premium Cabin	237	85.9%	16
Executive Cabin	13	4.7%	24
First Class Cabin	11	4.0%	37
VIP Cabin	1	0.4%	44
DDA Cabin	14	5.1%	29
Total / Average	276	100.0%	18

Bedrooms are designed specific to the Yotel Japanese style concept with a clean and minimalist feel. Beds are the signature Yotel fully adjustable 'SmartBed' which provides additional space when not used for sleeping. Other features include pull out desk, HDTV with Chromecast and rain shower. The rooms appear well maintained.



PREMIUM ROOM



FIRST CLASS ROOM



FAMILY ROOM



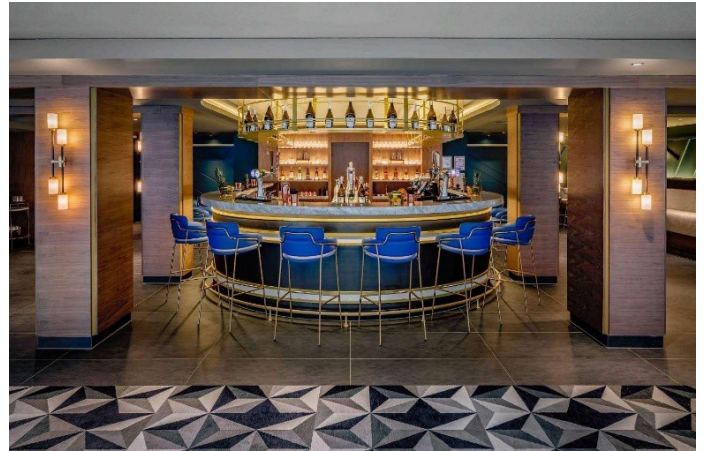
ENSUITE

C5. Food and Beverage Facilities

Komyuniti is the Yotel-branded restaurant/bar which is situated on the property's ground floor and serves breakfast to hotel guests.



RESTAURANT



BAR

C6. Conference and Event Facilities

Imaginex is a two-storey 360° screening room and versatile events venue situated on the ground floor of the property. The room is a c. 1,500 sq ft. flexible space which is customisable for a range of events such as product launches, drinks receptions and corporate events with a capacity of up to 150 people.



IMAGINEX ROOM



CONFERENCE ROOM

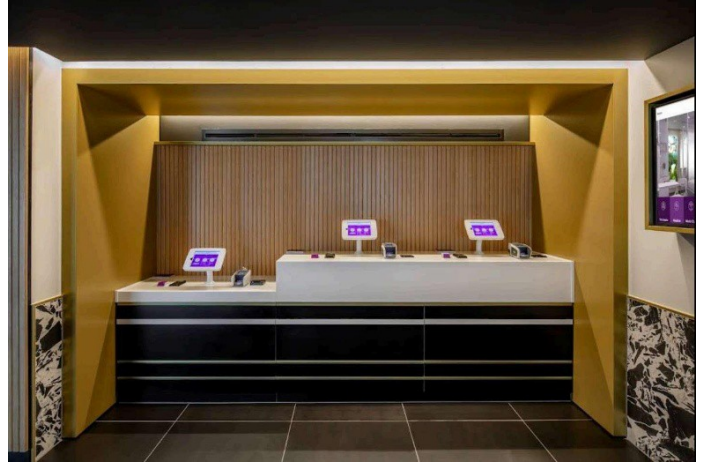
C7. Leisure Facilities and Services

The Property provides a small gym / fitness suite with various cardiovascular and weight-resistance machines, as well as a selection of free weights. The gym is situated in the basement and is available for guests only.

The Property is served by mains electricity, gas, water and drainage. The property has four passenger elevators which serve all floors of the property, as well one service lift.



GYM



RECEPTION

C8. Yotel Brand Overview

Yotel is a hotel chain founded by Simon Woodroffe and former company CEO Gerard Greene. In 2002, Simon Woodroffe drew inspiration from Japanese capsule hotels and the sense of compact luxury from the British Airways first class lounge. The first Yotel was opened in 2007 at London Gatwick, closely followed by one at Heathrow Airport. In 2009, Yotel opened a branch at Amsterdam Schiphol airport and shortly afterwards, the company won the Business Accommodation of the Year award at the Business Travel World Awards. Yotel's HQ is in London and has offices in Boston, Singapore and Dubai. Its major partner and shareholder is IFA Hotels and Resorts KSCC based in Dubai. In 2016 the company announced plans to split into three sub-brands.

- **Yotel** is the company's brand for urban hotels, with a room size between 13.5 sqm and 22 sqm, a club lounge and a gym.

- **Yotel Air** are hotels located at airports with cabin designed rooms between 9 sqm and 11 sqm, with fewer F&B facilities and no gym.

- **Yotel Pad** is designed for longer stays, by providing both bedrooms, internal seating and kitchenettes.

At the time of writing there are currently 15 Yotels five Yotel Airs and three Yotel Pads in operation.

D. PERMITS, LICENSES AND RATINGS

D1. Licenses

There is a premises licence for the sale of alcohol and planning permission to operate as a hotel.

D2. Development permits

Refer to Appendix 1

D3. Development Potential

The Property has been developed to the full potential.

D4. Grading

The Property is not located in a Scheduled Building Setting

D5. Ratings

Address	Reference	Expiry Date	EPC Rating
68-73 Queen Street, Edinburgh EH2 4NH	9112-3615-7513- 0800-4395	23/05/2029	E – 69

This property holds an Energy Performance Certificate (EPC) rating of E. It's important to note that the rules surrounding energy performance vary between Scotland and England & Wales. In the EPC's Comparative Assessment section, you'll find a reference to how the property's rating would compare if assessed using the methodology from England & Wales. Under that approach, but using Scottish climate conditions, the rating would improve significantly to a B. At present, there are no formal minimum EPC requirements in place, although other environmental criteria may apply. As such, this has no meaningful effect on the property's valuation.

Since 1st September 2016, energy efficiency regulations in Scotland have introduced further requirements for larger buildings—those over 1,000 square meters—to evaluate and enhance their energy usage and lower emissions. However, buildings that meet the energy performance benchmarks established by the 2002 building standards are not subject to these additional obligations. According to the current EPC, this building aligns with the 2002 standards, meaning no further measures are required to meet the 2016 rules.

E. LEGAL INTEREST**E1. Title**

The Property has a long leasehold title.

E2. Common areas, easements and servitudes.

As per legal team confirmation, there are no known easements, servitudes, common areas, affecting the property.

E3. Occupancy

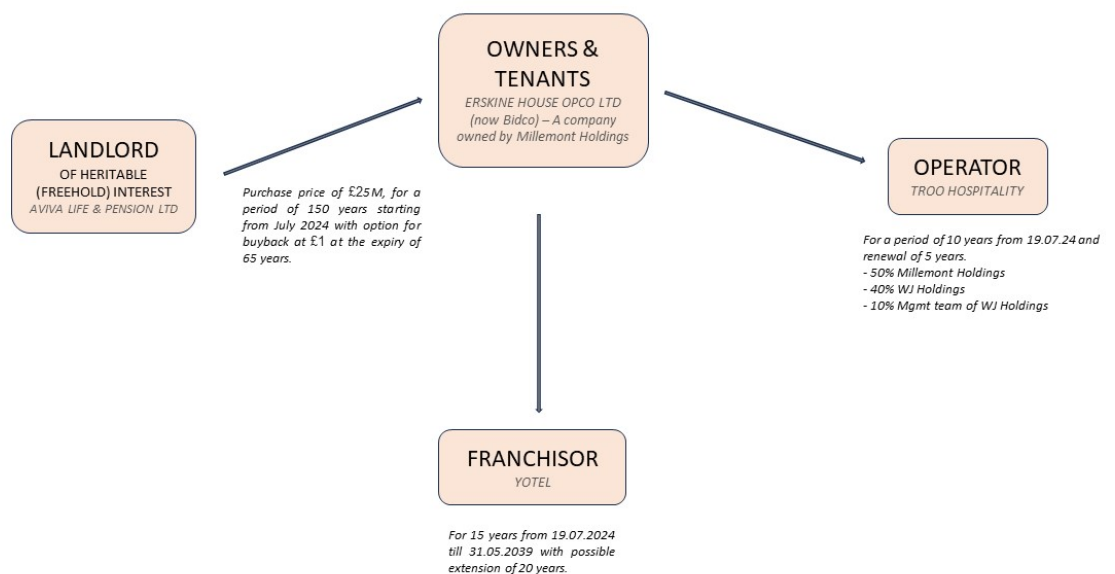
The property is tenant occupied for a period of 150 years as regulated by lease agreement.

E4. Lease terms

The salient details agreement are as follows:

- A ground rent of £875,760 and then increasing by CPI + 1% per annum with a cap of 5% and collar of 1%.
- The first rent review is applied after 5 years and annually thereafter.
- For a term of 150 years commencing from January 2024.
- Option to buy back £1 at the lapse of 65 year.
- Tenants responsible for the up-keep and maintenance.

E5. Management Agreement



- A base fee of 1.75% of total revenue.
- An incentive fee of 2.75% of EBITDAR
- FF&E reserve equivalent to 3% of total revenue.
- For a term of 10 year from 19 July 2024 with automatically renewal for an additional 5 years.
- Early termination provisions in place.

E6. Franchise Agreement

The hotel is covered with the Yotel franchise for 15 years from 19 July 2024 till 31.05.2039 with possible extension of 20 years.

E7. Intra group Leases

Any intra group lease agreements may be terminated in the event of sale and as such will not have any bearing effect on the value of the property.

SECTION 3

EXTERNAL FACTORS

F. LOCATION

F1. Macro-location: Locality

UK Economic and Hotel Market Overview

GDP Growth: The UK economy showed signs of slow growth after a brief recession in late 2023, with modest expansion expected in 2024–25.

Inflation: Inflation fell significantly from the 11.1% peak in 2022 to around 4.0% in late 2023, with projections to reach the 2% target in 2025.

Interest Rates: The Bank of England base rate was held at 5.25% as of late 2023 to manage inflation and has recently reduced this to 4.5%.

Key Pressures: Higher interest rates, energy costs, and geopolitical uncertainty (e.g., global shipping and conflict zones) continue to affect business confidence and investment.

Source: ONS, Bank of England, The Times

UK Hotel Market Overview (2023–2024)

- **Recovery:** The hotel market rebounded strongly from the pandemic, with RevPAR (Revenue per Available Room) and ADR (Average Daily Rate) exceeding 2019 levels.
- **Occupancy:**
 - London: ~78%
 - Regional UK: ~74%
- **Average Daily Rate (ADR):**
 - London: ADR reached £231 in 2023.
 - Regional UK: ADR grew to £103 in 2023, marking the first time it surpassed £100.
 -
- **Revenue per Available Room (RevPAR)**
 - London: RevPAR increased by 19% year-on-year to £180 in 2023.
 - Regional UK: RevPAR grew by 12% in 2023 compared to 2022.

Source: Knight Frank Hotel Performance Report 2023, Savills UK Hotels

Hotel Accommodation Supply Overview (2024–2025)

Projected Room Supply Growth: Approximately 17,000 new hotel rooms are expected to enter the UK market in 2025, representing a 2.5% increase over the anticipated year-end 2024 stock. However, with 70% of these rooms yet to commence construction, a significant portion may be delayed into 2026, potentially reducing the annual growth rate to around 1.5%.

Source: Savills UK Hotels

Hotel Operational Performance

Investment Trends: The UK hotel investment market saw a substantial increase in transaction volumes, with £3.82 billion recorded in the first nine months of 2024, a 185% rise compared to the same period in 2023.

Hotel Investment Market

The UK hotel investment market has experienced a significant resurgence in 2024, with total deal volumes reaching £6.6 billion—an increase of 182% compared to 2023 and surpassing the previous peak in 2019 by 6%.

F2. Micro-location: Surroundings

Edinburgh is one of the UK and Europe's leading hotel markets, having consistently achieved one of the highest Revenues Per Available Room (RevPAR) in the UK - surpassed only by London - and has one of the highest RevPARs in Europe. Edinburgh's hotel market benefits from year-round demand from both leisure and business visitors. In terms of overseas visitor numbers, Edinburgh attracts more visitors than any other location in the UK outside of London and occupancy is strong particularly during the festival period in the autumn season.

There are 255 hotels and serviced apartment properties in Edinburgh, with 17,771 bedrooms/apartments. Budget hotels comprise c. 33.6% of total bedroom supply, followed by 4-star hotels (28.5%), 3-star hotels (16.6%), Serviced Apartments (7.7%), 5-star hotels (6.4%), with the remaining supply made up of 2-star hotels and hostels.

Since 2017, Average Daily Rate (ADR) has been relatively stable, fluctuating between £102 and £104, and in 2020 due to the impact of Covid-19, ADR dropped by c. 31.7% from £101.56 to £69.43. Similarly, Occupancy ranged between 82% and 84% between 2017 and 2019, before falling by c. 45.6% in 2020 from 81.8% to 36.2%. This is reflected in RevPAR, which declined by c. 70% from £83.07 in 2019 to £25.15 in 2020.

In 2022, performance continued to be impacted by the pandemic, however there were strong signs of recovery which is reflected in the YE Occupancy levels which increased by c. 45% to 76.1%, as well as an increase of c. 26% in Average Daily Rate (ADR) from £100.12 at YE 2021 to £126.62 at YE 2022. This translates to a c. 83% increase in RevPAR from £52.69 to £96.35.

YE 2023 data shows a strong continued recovery in performance across the Edinburgh hotel market, with RevPAR increasing by 25.4% YoY, from £96.35 in 2022 to £120.81.

As of early 2025, Edinburgh's hotel market continues to exhibit resilience and growth, supported by strong tourism demand, strategic investments, and a dynamic events calendar.

Source: Savills UK Hotels

Comparable Evidence

We have conducted research into recent comparable transactions of properties with similar market positioning to the subject hotel. The table below outlines the most relevant recent sales:

	Keys	Tenure	Date	Price	Price/Key
Malmaison Edinburgh	72	Heritable (Freehold)	May-24	£23,500,000	£326,389
Waldorf Astoria Edinburgh, The Caledonian	241	Heritable (Freehold)	Jul-23	c.£85.0m	£352,697
Tigerlily Hotel, Edinburgh	33	Heritable (Freehold)	Jun-23	£11.25m	£340,909
Travelodge Edinburgh Central Waterloo Place	96	Heritable (Freehold)	Feb-23	£11.2m	£116,667
The Roseate (Former Dunstane Houses), Edinburgh	35	Heritable (Freehold)	Oct-22	c.£6.3m	c.£179,286
Former Travelodge Edinburgh Learmonth Terrace	64	Heritable (Freehold)	Jan-22	c.£5.2m	c.£81,641
Adagio Aparthotel Edinburgh Royal Mile	146	Heritable (Freehold)	Dec-21	c.£40.5m	£277,397
Macdonald Holyrood Hotel, Edinburgh	157	Heritable (Freehold)	Nov-21	c.£39.0m	c.£248,408
Crowne Plaza Royal Terrace, Edinburgh	97	Heritable (Freehold)	Sep-21	c.£14.5m	c.£149,485

F3. Building integrity

The property has not been inspected by the undersigned. The client has however given information that the building has recently been inspected by an RICS registered building surveyor and found to be of sound structural integrity.

SECTION 4

VALUATION PARAMETERS

G. OPERATION AND ANALYSIS

G1. Property categorization

The nature and use of the building categorises it with in hospitality sector.

G2. Ownership purpose

A member of the Client's group holds the long leasehold title of the property.

G3. Management

The property is managed by Troo Hospitality a partnership between an associated company of the client together with another expert hotel expert management company.

G4. Opening hours

The Hotel is open 365 days a year.

G5. Occupancy

The Hotel has benefited from occupancy levels of just over 88% for the past two years.

H. RISK PROFILE

The following is a summary of the principal risk factors that are specific to the property type, the Client and the market within which it operates. These risks have been considered in the choice of the yields applied in the valuation calculations.

H1. Risks factors

We have made reference to the 'Risk Factors' section of the draft registration document forming part of the Prospectus, which is being prepared in conformity with the Capital Markets Rules of the MFSA and Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market and repealing Directive 2003/71/EC.

I. MARKET DATA AND RATES

I1. Sources of market rates

Market data have been gathered from the following sources:

- market research obtained from numerous reputable real estate agencies
- market research of hotel room rates, obtained from the websites of numerous hotels
- verbal inquiries with the Client.

I2. Details of significant comparables relied upon

Market rates have been determined from the rates of the existing and proposed prime hotels taking account of the size, condition, state and quality of the subject units, location of the Property and current situation in the commercial property and hospitality property market.

The necessary factors have been reflected in this valuation after analyzing the most important characteristics of the Property mentioned in this Report.

J. VALUATION PARAMETERS

J1. Basis of value

Market Value

A valuation is an opinion of the value – which is an estimate of price - of an asset or liability on a stated basis, at a specified date. This Valuation leads to an estimation of the present “Market Value” of the long leasehold of the Property in its existing state ('as is' scenario) as at the Valuation Date in accordance with the Valuation Standards. Market Value is a basis of value that is internationally recognised and has a long established definition. It is defined as:

‘the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.’

The value stated in this Report represent our objective opinion of Market Value in accordance with this definition as of the Valuation Date.

The interpretative commentary on Market Value, as published in the Valuation Standards (VPS 4) and IVS 104-30 in the IVS, has been applied, and the assumptions and conditions shown in Section Q below have been considered. Amongst other things:

- It describes an exchange between parties that are unconnected and are operating freely in the marketplace and represents the figure that would appear in a hypothetical contract of sale, or equivalent legal document, at the valuation date, reflecting all those factors that would be taken into account in framing their bids by market participants at large and reflecting the highest and best use of the asset.
- It ignores any price distortions caused by special value (an amount that reflects particular attributes of an asset that are only of value to a special purchaser) or marriage value. It represents the price that would most likely be achievable for an asset across a wide range of circumstances.
- regard must also be had to the requirement that the valuation amount reflects the actual market state and circumstances as of the effective valuation date.
- Notwithstanding the disregard of special value, where the price offered by prospective buyers generally in the market would reflect an expectation of a change in the circumstances of the asset in the future, the impact of that expectation is reflected in market value.

Going Concern Value

Since the hotel is an operational trade-related property which is normally bought and sold on the basis of its trading potential on the assumption that there will be a continuation in trading. The value is based on the premise which assumes the business is an ongoing commercial enterprise with a reasonable expectation of future earning power. The value is therefore the ‘Going Concern Value’

The essential characteristics of properties that are normally sold in the basis of their trading or leasing potential is that they are designed, or adapted, for a specific use and that ownership of the property normally passes with the sale of the business as an operational or leased entity.

Going Concern Value comprises:

- Inclusions:
 - legal interest in the land;
 - all immovable improvements (i.e. the buildings/ structures) which are inclusive of the building finishes and M&E services;
 - the trade inventory comprising all trade fixtures, fittings, furnishings and equipment, plant and machinery that are required to continue operating the business;
 - the market’s perception of the trading potential (inherent goodwill), together with an assumed ability to obtain/ renew existing licenses, consents, certifications and permits; and
 - the lease agreements with the third-parties.
- Exclusions:
 - consumables and stock in trade.

J2. Premise of value

A premise of value (or assumed use) describes the circumstances of how an asset or liability is used (see IVS 104-140). We have considered the highest and best use (which is the use, from a participant perspective, that would produce the highest value for an asset) as the premise of value in this study.

J3. Valuation approach and reasoning

We had no restrictions in the choice of methodology to adopt in this Valuation and our approach therefore considers the view of a hypothetical purchaser.

The income approach has been adopted as the sole valuation approach as:

- the market approach could not be utilized due to the lack of market transactions of similar large development property.
- it is the approach that the most likely hypothetical purchaser would utilize;
- the income-producing ability of the property is the main factor affecting value from a participant perspective.

The DCF (discounted cash flow) method was utilized for this Property due to its large scale and due to the typology of the property.

No valuation reconciliation was required for any of the valuations as only one method was adopted.

J4. Valuation assumptions and rationale

Gross capitalization rate of 8.5% (estimated from inferred yields based on multiple conversations with local reputable estate agents who specialize in the commercial property market) depending on the location, typology, and size of the property.

J5. Material uncertainty

None to declare.

SECTION 5

VALUATION BACKGROUND

K. ASSUMPTIONS AND CONDITIONS

This Valuation has been carried out on the basis of the following assumptions and conditions listed below. If any of these are subsequently found not to be valid, the valuation may also be incorrect or invalid and should be reconsidered.

K1. Conditions

Valuation currency	The currency used in the Report is GBP (£)
Value Added Tax	No value added tax is applicable.
Goodwill	Excluded from our Valuation is any additional value attributable to goodwill ('trading potential' or personal goodwill).
Marriage value	This Valuation excludes any possibility of Marriage (or Synergistic) Value, or Divorce Value. The Valuation is based on the assumption that the asset will be sold as a whole with the benefit of all existing leases.
Special purchasers	This Valuation excludes any special purchaser who, due to special interest or circumstances, may wish to purchase the Property.
Burdens	The Property has been valued as if wholly owned with no account being taken with any outstanding moneys due in respect of mortgages, or any other third-party claims.
Fixtures and fittings	Fixtures and fittings such as sanitary facilities, ACs, fitted kitchens and other normal service installations have been ignored from the Valuation as it is expected that they would have reached their economic life at the end of the lease, and any new hypothetical tenant would replace them with new finishes, fixtures and fittings.
Furnishings	Movable furnishings are excluded in the Valuation.

K2. Special assumptions

Occupation	The property is valued on the basis of the existing management agreement and franchise arrangement.
------------	---

K3. General assumptions

Market conditions	The values stated in this Report represent our objective opinion of Market Value in accordance with the definition set out above as of Valuation Date. Amongst other things, this assumes that the Property had been properly marketed and that exchange of contracts took place on this date.
-------------------	--

Title, restrictions and encumbrances	<p>This Valuation assumes that:</p> <ul style="list-style-type: none"> i. the Property is not subject to any unusual or onerous restrictions (besides the restriction listed in this Report), encumbrances or outgoings; ii. any debts, special hypothecs, special privileges, as better described in the legal report will not have any bearing effect on the value of the property. iii. the Property is not subject to any requisition order or expropriation order.
--------------------------------------	--

Statutory requirements	The Property is unaffected by any Statutory Notice and neither the Property nor its use, actual or intended, gives rise to a contravention of any Statutory Requirements.
------------------------	---

Deleterious materials	The Property is free from latent defects and no deleterious materials have been used in its construction.
-----------------------	---

Contamination	That no toxic, hazardous substances or any deleterious of any kind is present in or on the Properties. Any subsequent identification of such substances may have a significant effect on value.
---------------	---

Mineral substances	The ownership and possible exploitation of mineral substances or water runoff present in the subsoil have not been considered.
--------------------	--

Insurance	The Property would, in all respects, be insurable against all usual risks by material and personal liability insurance at normal and commercially acceptable premiums.
-----------	--

Litigation	The Property is free from litigation whether threatened or pending.
------------	---

Public utility services	The Property is connected, or capable of being connected without undue expense, to the public utility services of electricity, water, telephones and sewerage, as it is located within the urban fabric.
Legislation	In carrying out this Valuation we have not anticipated any future changes in legislation.

K4. Variation from standard assumptions

None.

L. SCOPE OF WORK AND SOURCES OF INFORMATION

In line with the Valuation Standards, and further investigations and enquiries that are appropriate, having regard to the nature of the Property and the purpose of the Valuation.

L1. Investigations

Market research	Information quoted in our reports is typically based upon our verbal enquiries and electronically available information, and its accuracy cannot be assured. However, such information is only referred to where we have reason to believe its general accuracy, or where it is in accordance with our expectation. We have not inspected comparable properties. Should the accuracy of the information gathered subsequently differ from that disclosed or available this may detrimentally affect the valuation hereby reported and, in such circumstances, we would wish to review our Valuation accordingly.
Market valuation	A full market valuation was conducted for all Property.
Title of ownership	The title of ownership has not been investigated and such investigation was not within the scope of this Valuation.
Contamination	No contamination is noted.

Deleterious substances	No investigations have been carried out at the premises inspected to indicate the presence of any toxic, hazardous or any deleterious substances. Any subsequent identification of such substances may have a significant effect on value.
Measurement study and Drawing survey	A professional drawing survey of the Properties was not conducted by the Undersigned as it was not within the scope of the Valuation. We have relied on the drawings and quantities given by the Client, and which were already in the hands of C&K.
Structural survey and ground testing	No structural surveys or ground investigations have been carried out by the Undersigned.

L2. Sources of information and verification

We have received all of the information necessary to carry out this Valuation in accordance with the Valuation Standards. Communication was conducted with the following people:

- The Client:
 - MM Star Malta Finance p.l.c

SECTION 6

APPENDICES

APPENDICES

1. DEVELOPMENT PERMIT
2. PROPERTY DRAWINGS
3. VALUATION CALCULATIONS

It is to be noted that not all Appendices have been included in this Report due to size limitations. They can be provided upon request.

APPENDIX 1 - DEVELOPMENT PERMIT

**Planning & Building Standards
PLACE**

NOTICE OF ACCEPTANCE OF COMPLETION CERTIFICATE

Building (Scotland) Act 2003
Acceptance under Section 18 of a Completion Certificate

Acceptance

This document confirms acceptance of the completion certificate submitted by the relevant person:
Yotel, 13 George Street, London, W1U 3QJ

Duly authorised Agent (if any)

Fletcher Joseph Architects., FAO: Fletcher Joseph, Millar Hall, 5 Millar Place, EH10 5HJ

Details of completion certificate

Date of completion certificate submission: 14 June 2019
Address of building to which the completion certificate applies:
68 - 73 Queen Street, Edinburgh, EH2 4NN

Details of building warrant (see note 1)

Reference number: 15/04335/STAGEA granted on 31 January 2017

Details of amendment(s)

Reference number: 15/04335/STAGEA/1 granted on 11 February 2019
15/04335/STAGEA/2 granted on 11 February 2019
15/04335/STAGEA/3 granted on 27 February 2019
15/04335/STAGEA/4 granted on 6 March 2019
15/04335/STAGEA/5 granted on 10 September 2019

Continuing requirements imposed by this acceptance

There is no requirements in this case.

Declaration

We confirm as verifiers, so far as we are able to ascertain after making reasonable enquiry, that we are satisfied the work which is the subject of the above completion certificate has now been completed in accordance with that certificate and the warrant (and any amendments) detailed above.

Signed

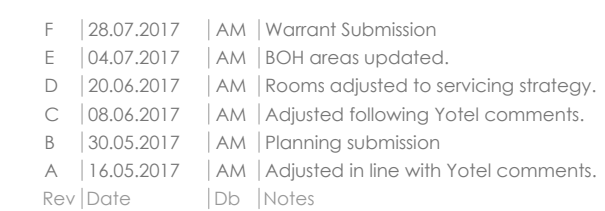


DAVID GIVAN

Head of Building Standards
For and on behalf of
The City of Edinburgh Council

Dated 7 November 2019

APPENDIX 2 - PROPERTY DRAWINGS



General Notes:

- This drawing is copyright, reserved and remains the property of Fletcher Joseph Architects.
- All levels and dimensions are to be checked on site by the contractor prior to fabrication, and any discrepancies must be reported immediately to the Architect.
- All dimensions are to be read off the drawing and NOT scaled.
- All work to be executed in strict accordance with the by-laws and regulations of the local authorities.
- All work to conform to applicable codes of the British Standards.
- When solicited/required, all drawings are to be read in conjunction with all other documents issued by Fletcher Joseph and/or other professions.

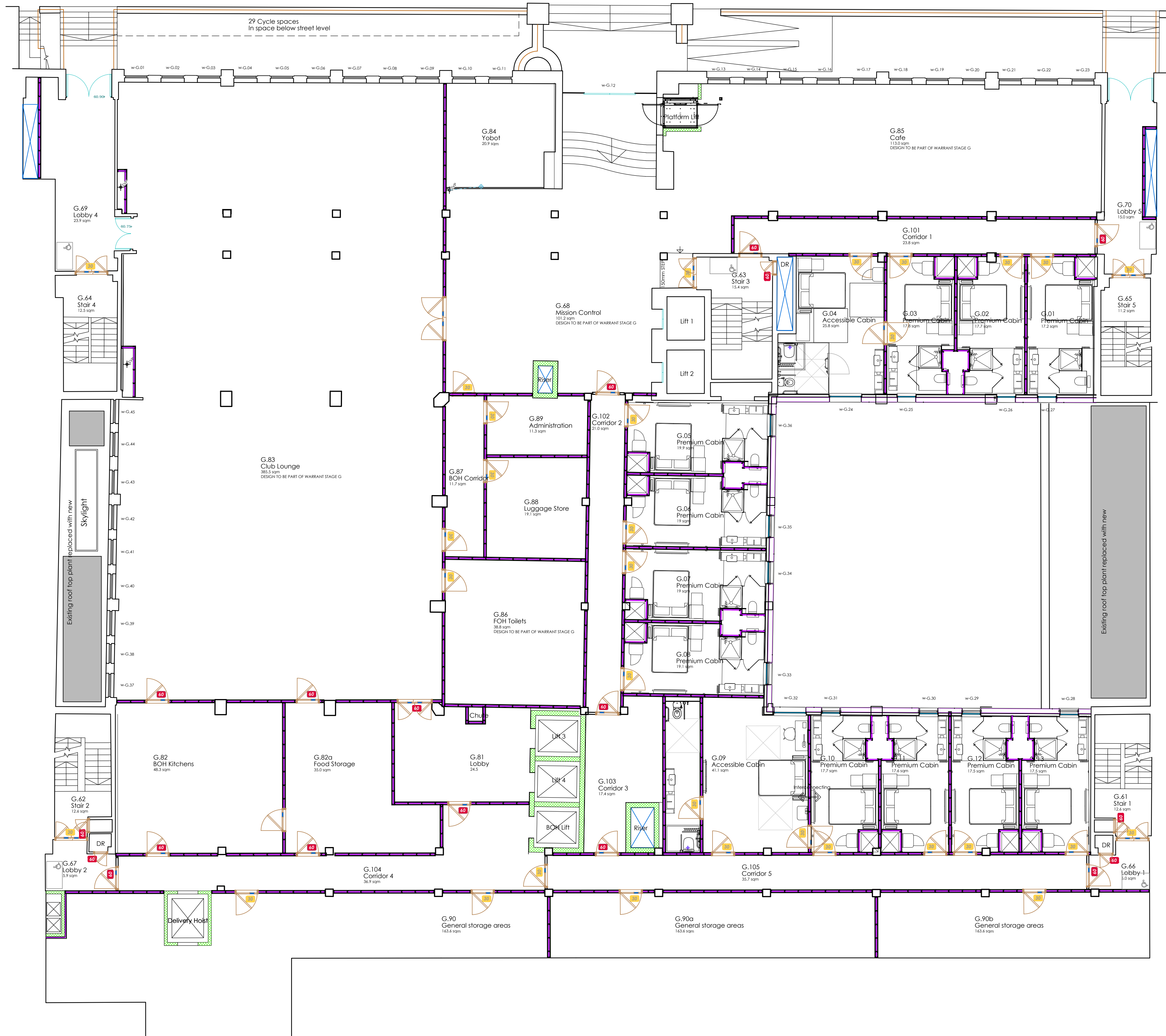


5 Millar Place • Edinburgh • EH10 5HJ

YOTEL

Project
ERSKINE HOUSE
68-73 QUEEN STREET, EDINBURGH

Title
GA BASEMENT PLAN



F	28.07.2017	AM	Warrant Submission
E	04.07.2017	AM	Room areas added.
D	27.06.2017	AM	Added SVP location in club lounge.
C	08.06.2017	AM	Adjusted following Yotel comments.
B	30.05.2017	AM	Planning submission.
A	16.05.2017	AM	Adjusted in line with Yotel comments.
Rev	Date	Db	Notes

WARRANT

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Client
STARWOOD CAPITAL

Project
ERSKINE HOUSE
68-73 QUEEN STREET, EDINBURGH

Title
GA GROUND FLOOR

Date	12/05/2017	Scale @ A1	1:100 @ A1	Last Revision	28/07/2017
Drawn By	AM	Checked By	FJA	Revised By	AM
Drawing No.	15671-00-012	Rev	F		

01 GA Ground Floor
Ground Floor level
Scale 1:100 @ A1



01 GA First Floor
First Floor level

Scale 1:100 @ A1

F	12.07.2017	AM	Warrant Submission
E	10.07.2017	AM	Room areas added.
D	16.06.2017	AM	Rooms adjusted to servicing strategy.
C	08.06.2017	AM	Adjusted following Yotel comments.
B	30.05.2017	AM	Planning submission
A	16.05.2017	AM	Adjusted in line with Yotel comments.
Rev	Date	Db	Notes

WARRANT

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Client

YOTEL

Project
ERSKINE HOUSE
68-73 QUEEN STREET, EDINBURGH

Title
GA FIRST FLOOR

Date	12/05/2017	Scale @ A1	1:100 @ A1	Last Revision	28/07/2017
Drawn By	AM	Checked By	FJA	Revised By	AM
Drawing No.	15671-00-013	Rev			F



F	28.07.2017	AM	Warrant Submission
E	04.07.2017	AM	Room areas added.
D	20.06.2017	AM	Rooms adjusted to servicing strategy.
C	08.06.2017	AM	Adjusted following hotel comments.
B	30.05.2017	AM	Planning submission.
A	16.05.2017	AM	Adjusted in line with hotel comments.
Rev	Date	Db	Notes

WARRANT

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Client
STARWOOD CAPITAL

Project
ERSKINE HOUSE
68-73 QUEEN STREET, EDINBURGH

Title
GA SECOND FLOOR

Date	12/05/2017	Scale @ A1	1:100 @ A1	Last Revision	28/07/2017
Drawn By	AM	Checked By	FJA	Revised By	AM
Drawing No.	15671-00-014	Rev	F		

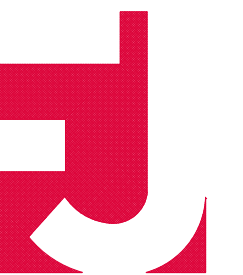


F	28.07.2017	AM	Warrant Submission
E	04.07.2017	AM	Room areas added.
D	16.06.2017	AM	Rooms adjusted to servicing strategy.
C	08.06.2017	AM	Adjusted following hotel comments.
B	30.05.2017	AM	Planning submission.
A	16.05.2017	AM	Adjusted in line with hotel comments.
Rev	Date	Db	Notes

WARRANT

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Client
STARWOOD CAPITAL

Project
ERSKINE HOUSE
68-73 QUEEN STREET, EDINBURGH

Title
GA THIRD FLOOR

Date	12/05/2017	Scale @ A1	1:100 @ A1	Last Revision	28/07/2017
Drawn By	AM	Checked By	FJA	Revised By	AM
Drawing No.	15671-00-015	Rev	F		



01 GA Fifth Floor
Fifth Floor level

Scale 1:100 @ A1

E	28.07.2017	AM	Warrant Submission
D	04.07.2017	AM	Room areas added.
C	08.06.2017	AM	Adjusted following hotel comments.
B	30.05.2017	AM	Planning submission
A	16.05.2017	AM	Adjusted in line with hotel comments.
Rev	Date	Db	Notes

WARRANT

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- All work to conform to applicable codes of the British Standards.
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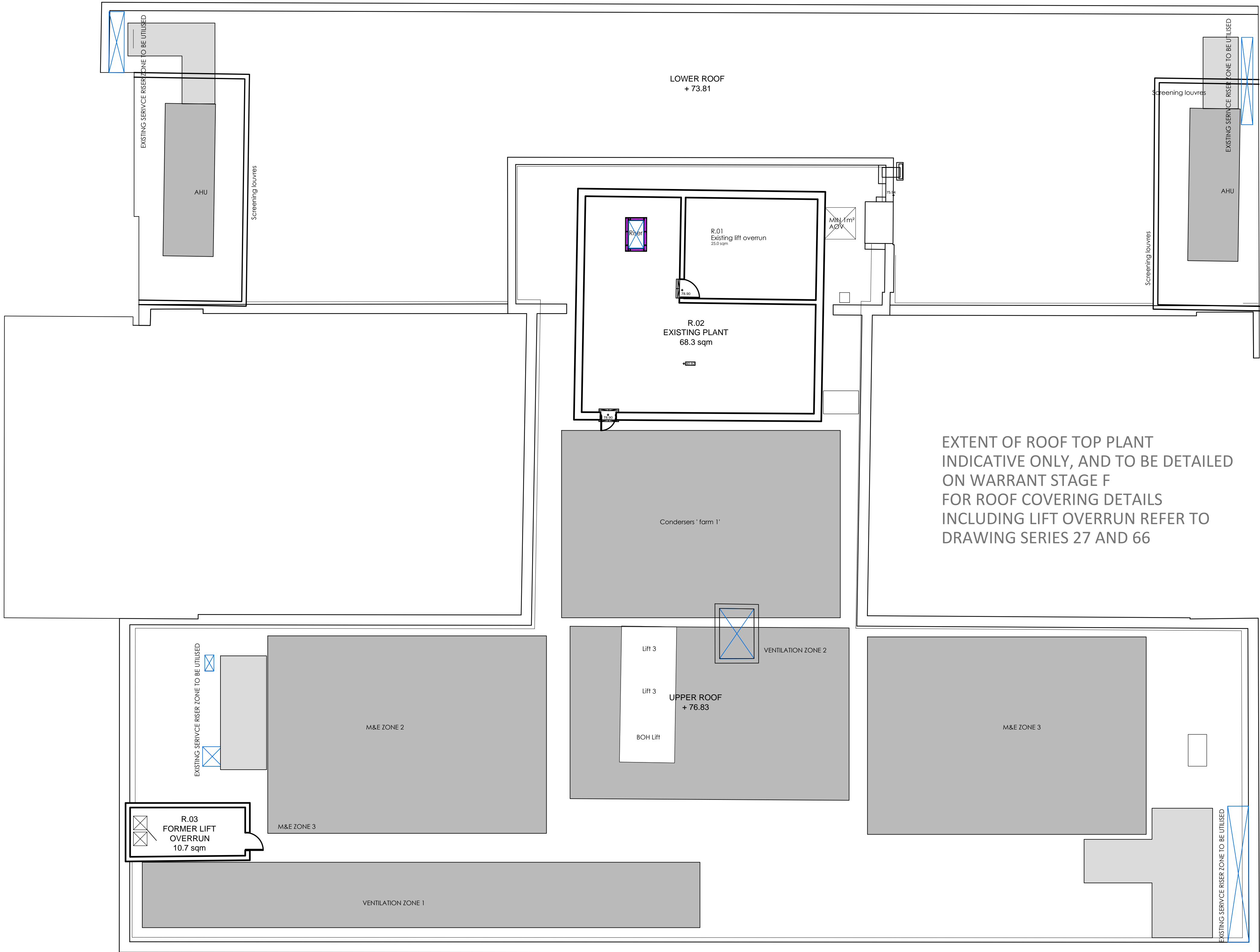
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Client
STARWOOD CAPITAL

Project
ERSKINE HOUSE
68-73 QUEEN STREET, EDINBURGH

Title
GA FIFTH FLOOR

Date	12/05/2017	Scale @ A1	1:100 @ A1	Last Revision	28/07/2017
Drawn By	AM	Checked By	FJA	Revised By	AM
Drawing No.	15671-00-017	Rev	E		



C	28/07/2017	AM	Warrant Submission
B	08/06/2017	AM	Minor adjustments
A	30/05/2017	AM	Planning submission
Rev	Date	Db	Notes

WARRANT

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Client
YOTEL

Project
ERSKINE HOUSE
68-73 QUEEN STREET, EDINBURGH

Title
GA ROOF PLAN

Date	12/05/2017	Scale @ A1	1:100 @ A1	Last Revision	28/07/2017
Drawn By	AM	Checked By	FJA	Revised By	AM
Drawing No.	15671-00-018	Rev	C		

APPENDIX 3 - VALUATION CALCULATIONS

VALUATION CALCULATION - LONG LEASEHOLD

	Future Inflated																			
Year	2025		2026		2027		2028		2029		2030		2031		2032		2033		2034	
#Rooms	276		276		276		276		276		276		276		276		276		276	
#Days	365		365		365		365		365		365		365		365		365		365	
Rooms Available	100,740		100,740		100,740		100,740		100,740		100,740		100,740		100,740		100,740		100,740	
Rooms Sold	90,687		90,687		90,687		90,687		90,687		90,687		90,687		90,687		90,687		90,687	
Occupancy %	90.0%		90.0%		90.0%		90.0%		90.0%		90.0%		90.0%		90.0%		90.0%		90.0%	
Average Room Rate	137.18		140.61		144.12		147.72		151.42		155.20		159.08		163.06		167.14		171.31	
RevPAR	123.49		126.57		129.74		132.98		136.31		139.71		143.21		146.79		150.46		154.22	
	£	%	£	%	£	%	£	%	£	%	£	%	£	%	£	%	£	%	£	%
Revenue																				
Rooms	12,440,080	89.4%	12,751,082	89.4%	13,069,859	89.4%	13,396,605	89.4%	13,731,521	89.4%	14,074,809	89.4%	14,426,679	89.4%	14,787,346	89.4%	15,157,029	89.4%	15,535,955	89.4%
F&B	1,407,000	10.1%	1,442,175	10.1%	1,478,229	10.1%	1,515,185	10.1%	1,553,065	10.1%	1,591,891	10.1%	1,631,689	10.1%	1,672,481	10.1%	1,714,293	10.1%	1,757,150	10.1%
Other	63,100	0.5%	64,678	0.5%	66,294	0.5%	67,952	0.5%	69,651	0.5%	71,392	0.5%	73,177	0.5%	75,006	0.5%	76,881	0.5%	78,803	0.5%
Total Revenue	13,910,180	100.0%	14,257,934	100.0%	14,614,383	100.0%	14,979,742	100.0%	15,354,236	100.0%	15,738,092	100.0%	16,131,544	100.0%	16,534,833	100.0%	16,948,204	100.0%	17,371,909	100.0%
Departmental Expenses																				
Rooms	2,966,200	23.8%	3,040,355	23.8%	3,116,364	23.8%	3,194,273	23.8%	3,274,130	23.8%	3,355,983	23.8%	3,439,883	23.8%	3,525,880	23.8%	3,614,027	23.8%	3,704,377	23.8%
F&B	984,900	70.0%	1,009,523	70.0%	1,034,761	70.0%	1,060,630	70.0%	1,087,145	70.0%	1,114,324	70.0%	1,142,182	70.0%	1,170,737	70.0%	1,200,005	70.0%	1,230,005	70.0%
Other	20,100	31.9%	20,603	31.9%	21,118	31.9%	21,646	31.9%	22,187	31.9%	22,741	31.9%	23,310	31.9%	23,893	31.9%	24,490	31.9%	25,102	31.9%
Total Departmental Expenses	3,971,200	28.5%	4,070,480	28.5%	4,172,242	28.5%	4,276,548	28.5%	4,383,462	28.5%	4,493,048	28.5%	4,605,375	28.5%	4,720,509	28.5%	4,838,522	28.5%	4,959,485	28.5%
Departmental Income	9,938,980	71.5%	10,187,454	71.5%	10,442,141	71.5%	10,703,194	71.5%	10,970,774	71.5%	11,245,044	71.5%	11,526,170	71.5%	11,814,324	71.5%	12,109,682	71.5%	12,412,424	71.5%
Undistributed Expenses																				
Administrative & General	617,700	4.4%	633,143	4.4%	648,971	4.4%	665,195	4.4%	681,825	4.4%	698,871	4.4%	716,343	4.4%	734,251	4.4%	752,607	4.4%	771,423	4.4%
Information Technology	178,500	1.3%	182,963	1.3%	187,537	1.3%	192,225	1.3%	197,031	1.3%	201,956	1.3%	207,005	1.3%	212,180	1.3%	217,485	1.3%	222,922	1.3%
Marketing	370,600	2.7%	379,865	2.7%	389,362	2.7%	399,096	2.7%	409,073	2.7%	419,300	2.7%	429,782	2.7%	440,527	2.7%	451,540	2.7%	462,829	2.7%
Repair & Maintenance	308,900	2.2%	316,623	2.2%	324,538	2.2%	332,652	2.2%	340,968	2.2%	349,492	2.2%	358,229	2.2%	367,185	2.2%	376,365	2.2%	385,774	2.2%
Energy	535,400	3.8%	548,785	3.8%	562,505	3.8%	576,567	3.8%	590,981	3.8%	605,756	3.8%	620,900	3.8%	636,422	3.8%	652,333	3.8%	668,641	3.8%
Total Undistributed Expenses	2,011,100	14.5%	2,061,378	14.5%	2,112,912	14.5%	2,165,735	14.5%	2,219,878	14.5%	2,275,375	14.5%	2,332,259	14.5%	2,390,566	14.5%	2,450,330	14.5%	2,511,588	14.5%
Gross Operating Profit	7,927,880	57.0%	8,126,077	57.0%	8,329,229	57.0%	8,537,460	57.0%	8,750,896	57.0%	8,969,668	57.0%	9,193,910	57.0%	9,423,758	57.0%	9,659,352	57.0%	9,900,836	57.0%
Base Management Fee	240,200	1.7%	246,205	1.7%	252,360	1.7%	258,669	1.7%	265,136	1.7%	271,764	1.7%	278,558	1.7%	285,522	1.7%	292,660	1.7%	299,977	1.7%
Management Incentive Fee	204,500		209,613		214,853		220,224		225,730		231,373		237,157		243,086		249,163		255,392	
Franchise Fee	686,400	4.9%	703,560	4.9%	721,149	4.9%	739,178	4.9%	757,657	4.9%	776,599	4.9%	796,014	4.9%	815,914	4.9%	836,312	4.9%	857,220	4.9%
Income before Fixed Charges	6,796,780	48.9%	6,966,699	48.9%	7,140,867	48.9%	7,319,389	48.9%	7,502,373	48.9%	7,689,933	48.9%	7,882,181	48.9%	8,079,235	48.9%	8,281,216	48.9%	8,488,247	47.7%
Fixed Charges																				
Taxes	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Insurance	153,100	1.1%	156,928	1.1%	160,851	1.1%	164,872	1.1%	168,994	1.1%	173,219	1.1%	177,549	1.1%	181,988	1.1%	186,537	1.1%	191,201	1.1%
Property Tax	792,600	5.7%	812,415	5.7%	832,725	5.7%	853,544	5.7%	874,882	5.7%	896,754	5.7%	919,173	5.7%	942,152	5.7%	965,706	5.7%	989,849	5.7%
Other	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total Fixed Charges	945,700	6.8%	969,343	6.8%	993,576	6.8%	1,018,415	6.8%	1,043,876	6.8%	1,069,973	6.8%	1,096,722	6.8%	1,124,140	6.8%	1,152,244	6.8%	1,181,050	6.8%
EBITDA	5,851,080	42.1%	5,997,357	42.1%	6,147,291	42.1%	6,300,973	42.1%	6,458,497	42.1%	6,619,960	42.1%	6,785,459	42.1%	6,955,095	42.1%	7,128,973	42.1%	7,307,197	42.1%
Rent Payable	875,800	6.3%	897,695	6.3%	920,137	6.3%	943,141	6.3%	966,719	6.3%	990,887	6.3%	1,015,659	6.3%	1,041,051	6.3%	1,067,077	6.3%	1,093,754	6.3%
RESERVE	0		0		0		0		0		0		0		0		0		0	
Capital Renewal/FFE Reserve	411,800	13.9%	422,095	13.9%	432,647	13.9%	443,464	13.9%	454,550	13.9%	465,914	13.9%	477,562	13.9%	489,501	13.9%	501,738	13.9%	514,282	13.9%
NOI	4,563,480	32.8%	4,677,567	32.8%	4,794,506	32.8%	4,914,369	32.8%	5,037,228	32.8%	5,163,159	32.8%	5,292,238	32.8%	5,424,544	32.8%	5,560,157	32.8%	5,699,161	32.8%

[illegible]