OUR financial model is based on a full roll out of our concept within 5 years. We believe our brand will be easy to operationally replicate and we therefore have an aggressive growth strategy to maximise profits and returns for our stakeholders reaching twelve, 80 bedroom leasehold properties by the end of year 5. We will continually monitor our financial performance with weekly, monthly and yearly KPI's and our forecasting will be scientific rather than emotive. Our KPI's will be the spine of our success:

REVENUE - Recorded daily and measured weekly against budget and previous years. Specifically, we will measure ARR, Occupancy, RevPAR and in App purchases

COST OF SALES - Measured monthly and controlled through strict central purchasing and standardisation within our bedroom stock

PAYROLL - Budgeted and costed on a weekly basis

Forecasting will also be a key part of our management tools. We will use business on the books (BOB) reporting to accurately forecast our position against budget and previous years adapting cost controls, bedroom rates and marketing strategies to reflect our financial position.

THE P&L

Our budget is detailed within the appendices of this plan but to further explain some of our forecast

SALES - During our first year of trading we aim to successfully open one property. We have budgeted for 10 months of trading with an assumption of two months pre-opening training.

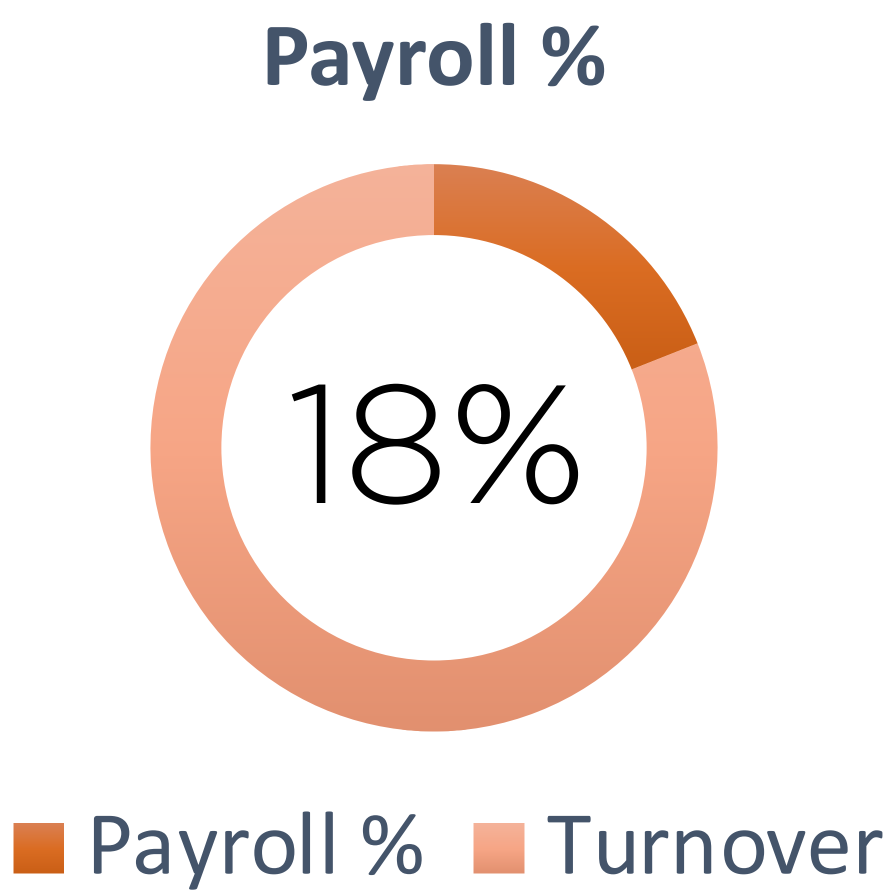
We believe occupancy will grow quickly and have assumed a challenging but achievable 75% in year 1 supported by an ARR of £104 which is in line with industry standards. As the property reaches maturity we forecast it will produce net sales of £2.8M with a RevPAR of £91 net of VAT.

After 18 months of trading we will look to open our second property and steadily build the portfolio, reaching twelve properties and a turnover of £27M by the end of year 5.

12
PROPERTIES

£27M
TURNOVER

5
YEARS



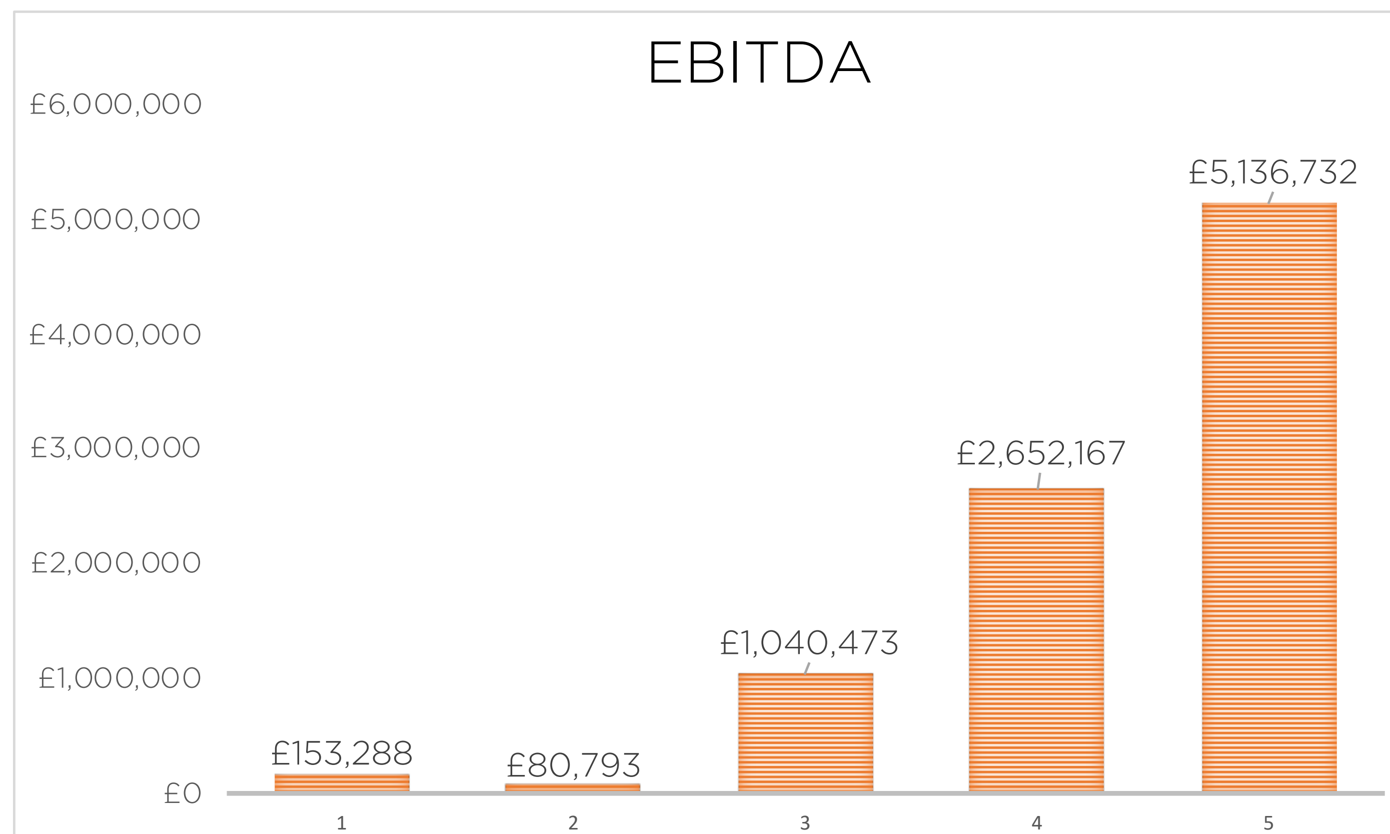
EBITDA - In our first year of trading we anticipate an annual profit of £153,000 or 7.9% of turnover based on a typical leasehold business model. Due to our low, scaleable cost basis, static payroll and reliable cost of sale margins, we are able to confidently forecast a 19% group EBITDA by year 5 of £5M.

CAPITAL EXPENDITURE will vary per property but our calculations are based on a tenant's responsibility for fixture and fittings on all properties. Taking into account, professional fees, rental deposit, stamp duty & pre-trading costs, we forecast a total capital expenditure of £2M for our first property. Our total capital expenditure over 5 years will be £20M with external investment of £9.9M required to complement the funds released from our positive trading of the portfolio. Further details of our anticipated capital expenditure are detailed in our appendices.

COST OF SALES- We have budgeted for a static gross profit margin of 79% based on standardisation of room products and minimal amounts of cost variations. Our greatest cost will be commission to third party OTAs which represents 10% of all room sales across the estate. OTAs represent an important part of our growth strategy and helping to establish the brand so the associated cost is simply a necessary evil.

PAYROLL - A small workforce of just 12 full time employees per property allows us to confidently budget a total annual wage bill of £460,000 per property and a constant wage percentage under 23% during our opening year and under 20% for all subsequent years. Further detail of our payroll structure is detailed with the appendices.

COSTS - Due to the simplicity of the model, our operational costs remain low throughout the first 5 years accounting for just 13% of total sales. Our fixed costs grow exponentially as our portfolio grows, with rent (18% of total sales), rates (6% of total sales) accounting for 24% of our total sales by year 5.



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