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PROPERTY VALUATION REPORTS

Reference is made to:

- (i) the composite scheme document jointly issued by Guoco Group Limited (“**Guoco**”) and GuoLine Overseas Limited (the “**Offeror**”) and dated 10 October 2018 in relation to, among other things, the proposed privatisation of Guoco by the Offeror by way of a scheme of arrangement under section 99 of the Companies Act and, subject to the Scheme having become binding and effective in accordance with its terms, the payment by Guoco of a special dividend by way of a distribution in-specie of up to 291,117,141 ordinary shares in HLFG to Shareholders whose names appear on the Register on the Entitlement Record Date and the proposed withdrawal of listing by Guoco (the “**Scheme Document**”); and
- (ii) the property valuation reports enclosed in “Appendix II – Property Valuation Reports” to the Scheme Document, which include:
 - (a) the full text of the property valuation reports from Crowe Horwath First Trust Appraisal Pte Ltd, Gerald Eve LLP and CBRE, Inc. respectively; and
 - (b) a summary of each of the property valuation reports from Christie & Co and Cushman & Wakefield Spain Limited respectively (the “**Summary Property Valuation Reports**”).

Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as defined in the Scheme Document.

As the full reports of the Summary Property Valuation Reports (the “**Full Report(s)**”) are not set out in the Scheme Document, Guoco sets out the Full Reports in the Appendix to this announcement for the attention of the Shareholders and/or potential investors of Guoco. The Full Reports, among other documents, will be available for inspection (i) at the office of Guoco at 50th Floor, The Center, 99 Queen’s Road Central, Hong Kong from 9:30 a.m. to 5:30 p.m., Monday to Friday; (ii) on the website of Guoco at www.guoco.com; and (iii) on the website of the SFC at www.sfc.hk from the date of the Scheme Document until the Effective Date or the date on which the Scheme lapses or is withdrawn, whichever is earlier.

Pursuant to Rule 11.5(c) of the Takeovers Code, each of Christie & Co and Cushman & Wakefield Spain Limited has given and has not withdrawn its written consent to the issue of this announcement with the inclusion therein of its Full Report and the references to its name and report in the form and context in which they respectively appear.

WARNING: Shareholders and/or potential investors should be aware that the implementation of the Proposal will only become effective upon all the Scheme Conditions and the Distribution Conditions being satisfied or validly waived (if applicable) and thus the Scheme may or may not become effective and the Distribution may or may not be paid. Shareholders and/or potential investors should therefore exercise caution when dealing in the Shares. Persons who are in doubt as to the action they should take should consult their licensed securities dealer, registered institution in securities, bank manager, solicitor or other professional adviser.

By order of the board
Ms. Lo Sze Man, Stella
Company Secretary

Hong Kong, 10 October 2018

The Guoco Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statements in this announcement misleading.

As at the date of this announcement, the Guoco Board comprises: Mr. Kwek Leng Hai as Executive Chairman; Mr. Tang Hong Cheong as President and CEO; Mr. Kwek Leng San and Mr. Tan Lim Heng as non-executive directors; and Mr. Volker Stoeckel, Mr. Roderic N. A. Sage and Mr. David Michael Norman as independent non-executive directors.

Valuation Report

GLH Hotels Group UK Portfolio Valuation

London, Swindon, Luton

October 2018

Prepared on the instruction of Guoco Group Limited
Reference: 1006427

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Section 1

Instructions

Instructions

GLH Hotels Group UK Portfolio Valuation

October 2018

Instructing Source/Addressee

The client to whom the Report will be addressed to and be capable of being relied upon by is Guoco Group Limited (GGL), hereinafter referred to as the "Client".

Property Details, Inspections and Information

The Properties being valued are as follows:

Ref.	Address	Inspected	Valuer (MRICS)
1	The Tower – a Guoman Hotel, St Katharine's Way, London E1W 1LD	27 July 2018	Alastair Hockley
2	Thistle Kensington Gardens, Bayswater Road, London W2 3HL	26 July 2018	Tom Holt-Wilson
3	Amba Hotel Marble Arch, Bryanston Street, Marble Arch, London W1H 7EH	30 July 2018	Gabriella Rozwadowska
4	The Grosvenor – a Guoman Hotel, Buckingham Palace Road, London SW1W 0SJ	30 July 2018	Gabriella Rozwadowska
5	Royal Horseguards and One Whitehall Place – a Guoman Hotel, Whitehall Court, London SW1A 2EJ	27 July 2018	Gabriella Rozwadowska
6	Thistle Heathrow, Bath Road, Longford, West Drayton UB7 0EQ	19 July 2018	Tom Holt-Wilson
7	Amba Hotel Charing Cross – Strand, London WC2N 5HX	27 July 2018	Gabriella Rozwadowska

8	The Cumberland – a Guoman Hotel, Marble Arch, London W1A 4RF	26 July 2018	Tom Holt-Wilson
9	Thistle City Barbican, 120 Central Street, London EC1V 8DS	20 July 2018	Alastair Hockley
10	Thistle Express Luton, The Mall, Library Road, Luton LU1 2TR	27 July 2018	Alastair Hockley
11	Thistle Trafalgar Square, Whitcomb Street, Trafalgar Square, London WC2H 7HG	27 July 2018	Gabriella Rozwadowska
12	Thistle Bloomsbury Park, 126 Southampton Row, London WC1B 5AD	20 July 2018	Alastair Hockley
13	Thistle Express Swindon, Fleming Way, Swindon SN1 1TN	19 July 2018	Tom Holt-Wilson
14	Thistle Piccadilly, Coventry Street, London W1D 6BZ	20 July 2018	Alastair Hockley
15	Thistle Hyde Park, Hyde Park, Lancaster Gate, London W2 3NR	26 July 2018	Tom Holt-Wilson

Individually referred to as the "Property" and together as the "Properties".

The Properties were inspected by the valuer identified as aforementioned between 19 and 30 July 2018. At each Property we were met by a member of staff who showed us over the premises.

The ownership of the Properties is as set out in this report. For the purposes of this valuation each is operated as a hotel by the owner.

Instructions

GLH Hotels Group UK Portfolio Valuation

October 2018

We have been provided with financial and property information by Peter Herbert, Chief Financial Officer and Kate Ferguson, Financial Controller of GLH Hotels Management (UK) Limited and we have relied upon this as being correct. Should any information provided prove to be incorrect, then we reserve the right to revisit the valuation. In addition, we have carried out our normal research and enquiries.

We have relied upon the information and comments on the Properties together with the actual, budget and forecast trading accounts provided to us by the Client. We have assumed that the accounts are correct and complete and can be substantiated by independent audit. We stress that in the event of a future change in trading potential or actual levels of trade from that indicated by the accounts and assumptions, the Valuations could also vary. We take no responsibility for any mis-statement, omission, or misrepresentation made to us.

This report comprises a statement of the Instructions (this section), an Executive Summary and Appendices giving details of each Property and valuation. The report should be read in its entirety.

Tenure

A mix of freehold and leasehold tenures

Currency

The Valuations are expressed in GBP

Valuation Date

The Valuation Date is 31 July 2018.

Responsible Valuer

The valuation report (the "Report") has been undertaken by Tom Holt-Wilson MRICS Director (the "Responsible Valuer"), Alastair Hockley MRICS Director and Gabriella Rozwadowska MRICS all of Christie & Co and all RICS Registered Valuers. Both have the appropriate local and national knowledge of the particular market and the skills and understanding necessary to undertake the valuation competently.

Mr T Holt-Wilson MSc MRICS (1185100) takes responsibility of this valuation and is an RICS Registered Valuer (see www.rics.org) and Director of Christie & Co (see www.christie.com). Christie & Co is an RICS registered company and we would refer you to the RICS for evidence of our registration. Mr Holt-Wilson qualified as a member of the RICS in 2005 and has been valuing hotels in the UK and Europe over the last twelve years.

Limitations

Our opinion of valuation has been requested with short form reporting and without access to interview the management of each Property. We do not believe that this has introduced a material deficiency in our reporting or opinions, but the risk of such is heightened.

Conflicts of Interest

There is no relationship between Christie & Co (including the signatories of the report) and the Client other than the current valuation. We confirm that we are independent and are not aware of any conflict of interest that prevents us from undertaking this instruction. We also confirm that, in preparing this report, we act in the capacity of External Valuers.

Instructions

GLH Hotels Group UK Portfolio Valuation

October 2018

Reporting Requirements and Compliance

The Report has been produced in accordance with the RICS Valuation - Global Standards published in June 2017 (the "Red Book"), incorporating the International Valuation Standards 2017 ("IVS").

The Report has regard to the relevant requirements contained in Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and complies with all the requirements contained in Rule 11 of The Codes on Takeovers and Mergers and Share Buy-backs of Hong Kong (the "Takeovers Code") issued by the Securities and Futures Commission.

We have also complied with the HKIS Valuation Standards published by The Hong Kong Institute of Surveyors 1st Edition October 2017.

This instruction has been undertaken in conjunction with Christie & Co's letter of engagement dated 13 July 2018.

We confirm that we hold appropriate Professional Indemnity Insurance in respect of this Instruction and that we generated no fees from the Client or any companies related to the Client in this or last financial year.

Purpose of Valuation

The purpose of the Valuation is for inclusion in GGL's circular in relation the proposed privatisation of GGL announced on 2 July 2018 on The Stock Exchange of Hong Kong Limited (the "Scheme Document").

Complaints

Any complaints or issues arising out of the Valuation will be in accordance with Christie & Co's complaints handling procedure, a copy being available on request. The Valuation may be subject to monitoring under RICS' conduct and disciplinary regulations.

Basis of Valuation

The Report has been produced in accordance with the Red Book. The basis of valuation is Market Value, which is defined by the Red Book 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 definition of Market Value should be interpreted in the context of the 2017 International Valuation Standards Framework (paragraphs 30 to 30.7 of IVS104), which includes the conceptual framework.

Section 2

Executive Summary

Executive Summary

Location

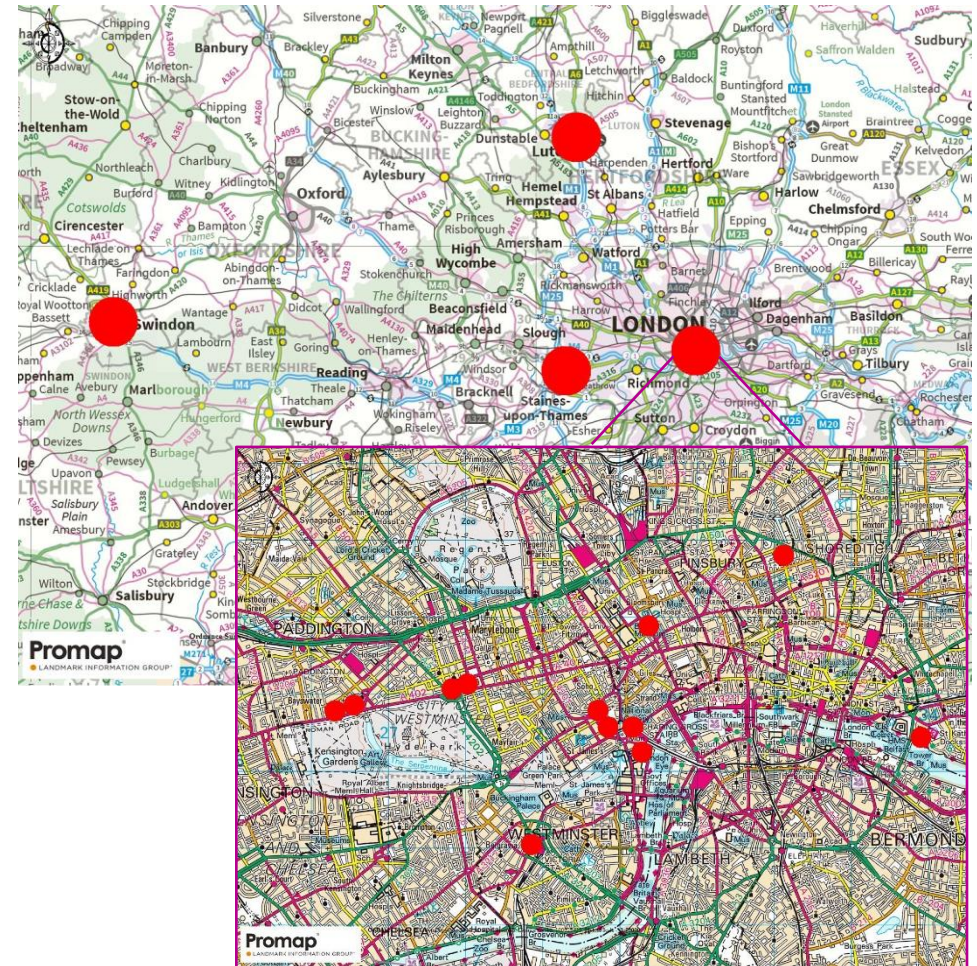
In this section we summarise the main aspects of the Properties. For more detailed information about each individual Property, see Appendix 3.

The map adjacent shows the geographical spread of the Portfolio which is predominantly focused upon central London. Outside London there are three Properties. One asset is located near Heathrow Terminal 5 (with a direct dedicated transport service to the terminal), one asset is in the centre of Swindon and one is in the centre of Luton.

Each are well positioned within areas of good demand with all of the London assets described as prime in the context of the UK overall. Swindon and Luton are described as secondary locations. Within London there are assets which are located in prime positions such as the Cumberland and those that we describe as good secondary such as the Thistle Hyde Park.

By virtue of their city centre locations, each is positioned with excellent connectivity to established public transport networks as well as the road network.

Christie & Co consider the Portfolio to occupy an excellent group of locations within major population centres with demonstrably strong demand drivers, although each lies within a richly competitive landscape with a wide range of hotel options and we anticipate this competitive landscape will continue to grow as ongoing and planned developments are completed.



Property Summary

Hotel	Brand	Location	Grade	Rooms	Tenure	Term Remaining (+Tenant option to extend)
1 The Tower	Guoman	St Katharine's Way, E1W	Luxury	801	Freehold	n/a
2 Thistle Kensington Gardens	Thistle	Bayswater Road, W2	Upscale	175	Freehold	n/a
3 Amba Hotel Marble Arch	Amba	Marble Arch W1H	Upscale	692	Long Leasehold	92 years
4 The Grosvenor	Guoman	Buckingham Palace Road, SW1W	Luxury	345	Long Leasehold	90 years
5 Royal Horseguards and One Whitehall Place	Guoman	Whitehall Court SW1A	Luxury	282	Long Leasehold	74 years
6 Thistle Heathrow	Thistle	Bath Road UB7	Upscale	266	Long Leasehold	150 years
7 Amba Hotel Charing Cross	Amba	The Strand WC2N	Upscale	239	Long Leasehold	93 years
8 The Cumberland	Guoman	Marble Arch W1A	Luxury	1019	Short Leasehold	13 + 58 years
9 Thistle City Barbican	Thistle	120 Central Street EC1V	Upscale	463	Short Leasehold	17 + 30 years
10 Thistle Express Luton	Thistle Express	Luton LU1	Focused Service	152	Short Leasehold	51 + 26 years
11 Thistle Trafalgar Square	Thistle	Trafalgar Square WC2H	Upscale	108	Short Leasehold	11 years
12 Thistle Bloomsbury Park	Thistle	126 Southampton Row WC1B	Upscale	95	Short Leasehold	17 + 30 years
13 Thistle Express Swindon	Thistle Express	Swindon SN1	Focused Service	95	Short Leasehold	46 + 15 years
14 Thistle Piccadilly	Thistle	Coventry Street W1D	Upscale	82	Short Leasehold	17 + 20 years
15 Thistle Hyde Park	Thistle	Hyde Park W2	Upscale	54	Short Leasehold	17 + 30 years

Ownership Summary

	Hotel	Tenure	Ownership (as informed by the Company)
1	The Tower	Freehold	The registered owner of the Property is The Tower Hotel (London) Limited. The Tower Hotel (London) Limited is a subsidiary of GLH Hotels Limited which is indirectly owned by GGL through its non-wholly owned subsidiaries and in which GGL has a 67.6% attributable interest. The Property is held for operational purposes as a hotel.
2	Thistle Kensington Gardens	Freehold	The registered owner of the Property is GLH KG Limited. GLH KG Limited is a subsidiary of GLH Hotels Group Limited which is indirectly owned by GGL through its non-wholly owned subsidiaries and in which GGL has a 67.6% attributable interest. The Property is held for operational purposes as a hotel.
3	Amba Hotel Marble Arch	Long leasehold	The registered tenant of the Property is GLH Hotels Limited, on behalf of Marble Arch Hotel (London) Limited. Marble Arch Hotel (London) Limited is a subsidiary of GLH Hotels Limited which is indirectly owned by GGL through its non-wholly owned subsidiaries and in which GGL has a 67.6% attributable interest. The Property is held for operational purposes as a hotel. The current lease expires 24 March 2110 (92 years unexpired).
4	The Grosvenor	Long Leasehold	The registered tenant of the Property is The Grosvenor Hotel Victoria Limited. The Grosvenor Hotel Victoria Limited is a subsidiary of GLH Hotels Limited which is indirectly owned by GGL through its non-wholly owned subsidiaries and in which GGL has a 67.6% attributable interest. The Property is held for operational purposes as a hotel. The current lease expires 29 February 2108 (90 years unexpired).
5	Royal Horseguards and One Whitehall Place	Long Leasehold	The registered tenant of the Property is GLH RHG Limited. GLH RHG Limited is a subsidiary of GLH Hotels Group Limited which is indirectly owned by GGL through its non-wholly owned subsidiaries and in which GGL has a 67.6% attributable interest. The Property is held for operational purposes as a hotel. The current lease expires 4 July 2092 (74 years unexpired).
6	Thistle Heathrow	Long Leasehold	The registered tenant of the Property is Heathrow Hotel (London) Limited. Heathrow Hotel (London) Limited is a subsidiary of GLH Hotels Limited which is indirectly owned by GGL through its non-wholly owned subsidiaries and in which GGL has a 67.6% attributable interest. The Property is held for operational purposes as a hotel. The current lease expires 23 December 2168 (150 years unexpired).

7	Amba Hotel Charing Cross	Long Leasehold	The registered tenant of the Property is GLH Hotels Limited with Beneficial Interest assigned to The Charing Cross Hotel Limited. The Charing Cross Hotel Limited is a subsidiary of GLH Hotels Limited which is indirectly owned by GGL through its non-wholly owned subsidiaries and in which GGL has a 67.6% attributable interest. The Property is held for operational purposes as a hotel. The current lease expires 26 March 2111 (93 years unexpired).
8	The Cumberland	Short Leasehold	The registered tenant of the Property is The Cumberland Hotel (London) Limited. The Cumberland Hotel (London) Limited is a subsidiary of GLH Hotels Limited which is indirectly owned by GGL through its non-wholly owned subsidiaries and in which GGL has a 67.6% attributable interest. The Property is held for operational purposes as a hotel. The current lease expired 21 March 2020 (2 years unexpired) however there are various options for the tenant to extend the term, with final ending 21 March 2089 (70 years unexpired).
9	Thistle City Barbican	Short Leasehold	The registered tenant of the Property is Barbican Hotel (London) Limited. Barbican Hotel (London) Limited is a subsidiary of GLH Hotels Limited which is indirectly owned by GGL through its non-wholly owned subsidiaries and in which GGL has a 67.6% attributable interest. The Property is held for operational purposes as a hotel. The current lease expires 26 April 2035 (17 years unexpired) however there is a tenant's option to extend the term.
10	Thistle Express Luton	Short Leasehold	The registered tenant of the Property is GLH Hotels Limited, on behalf of The Strathmore Hotel (Luton) Limited. The Strathmore Hotel (Luton) Limited is a subsidiary of GLH Hotels Limited which is indirectly owned by GGL through its non-wholly owned subsidiaries and in which GGL has a 67.6% attributable interest. The Property is held for operational purposes as a hotel. The current lease expires 24 December 2069 (51 years unexpired) however there is a tenant's option to extend the term.
11	Thistle Trafalgar Square	Short Leasehold	The registered tenant of the Property is Trafalgar Hotel (London) Limited. Trafalgar Hotel (London) Limited is a subsidiary of GLH Hotels Limited which is indirectly owned by GGL through its non-wholly owned subsidiaries and in which GGL has a 67.6% attributable interest. The Property is held for operational purposes as a hotel. The current lease expires 14 August 2029 (11 years unexpired).
12	Thistle Bloomsbury Park	Short Leasehold	The registered tenant of the Property is Bloomsbury Hotel (London) Limited. Bloomsbury Hotel (London) Limited is a subsidiary of GLH Hotels Limited which is indirectly owned by GGL through its non-wholly owned subsidiaries and in which GGL has a 67.6% attributable interest. The Property is held for operational purposes as a hotel. The current lease expires 26 April 2035 (17 years unexpired) however there is a tenant's options to extend the term.

13	Thistle Express Swindon	Short Leasehold	The registered tenant of the Property is The Wiltshire Hotel (Swindon) Limited. The Wiltshire Hotel (Swindon) Limited is a subsidiary of GLH Hotels Limited which is indirectly owned by GGL through its non-wholly owned subsidiaries and in which GGL has a 67.6% attributable interest. The Property is held for operational purposes as a hotel. The current lease expires 27 September 2064 (46 years unexpired) however there is a tenant's option to extend the term.
14	Thistle Piccadilly	Short Leasehold	The registered tenant of the Property is Piccadilly Hotel (London) Limited. Piccadilly Hotel (London) Limited is a subsidiary of GLH Hotels Limited which is indirectly owned by GGL through its non-wholly owned subsidiaries and in which GGL has a 67.6% attributable interest. The Property is held for operational purposes as a hotel. The current lease expires 26 April 2035 (17 years unexpired) however there is a tenant's option to extend the term.
15	Thistle Hyde Park	Short Leasehold	The registered tenant of the Property is Hyde Park Hotel (London) Limited. Hyde Park Hotel (London) Limited is a subsidiary of GLH Hotels Limited which is indirectly owned by GGL through its non-wholly owned subsidiaries and in which GGL has a 67.6% attributable interest. The Property is held for operational purposes as a hotel. The current lease expires 26 April 2035 (17 years unexpired) however there is a tenant's option to extend the term.

Source: The Client

Statutory Enquiries

We were not given access to management at every Property and have relied on the Client for confirmation of the following:

Trade Furnishings, Fixtures, Fittings, Plant and Equipment

With the exception of certain minor items at the Properties, these are owned outright.

Services and Installations

All services and installations are adequate for the businesses at the Properties and in good working order.

Property Maintenance

A rolling programme of repair and maintenance is undertaken at all the Properties.

Structural Condition

There are no major structural defects at the Properties.

Planning and Other Statutory Requirements

All relevant consents, licences and permissions are maintained without breach. In particular:

- The Properties all have planning consent
- Premises and civil ceremony licences are in place at each property where required
- Fire risk assessments are all up to date with no outstanding items of material significance
- Asbestos Containing Material management plans are in place at each Property with no material outstanding obligations regarding removal or containment

Environmental Factors

We are not aware that any environmental problems have been identified at any of the Properties.

Litigation

The Properties are clear of any major litigation.

Tenure

Good and marketable titles in respect of the Properties.

Section 3

Market Commentary

Market Commentary

Key Observations

- Investment in UK hotels remains strong, but caution is on the rise over operational costs.
- In June 2016 the UK voted to leave the EU starting a period of political and economic uncertainty
- London RevPAR growth up 4.3% in 2017 but down 1.4% YTD
- UK Regional RevPAR growth up 3.8% in 2017 and showing modest growth YTD
- Increasing development activity and new supply will impact some UK markets more than others

Overview

In 2017 the hotel market enjoyed a stellar period as one of the few sectors to fully benefit from Brexit. While we have seen trading challenges in 2018, we are optimistic about the market's ability to deal with those challenges innovatively and there are still investors looking for hotel acquisitions which keeps the investment market in good health.

The decline in sterling boosted leisure travel from Europe, the US and China; according to VisitBritain 39.9 million visitors to the UK spent more than £25bn in 2017 up 6.2% on 2016. A weaker pound also lifted staycation numbers which drove up occupancy and RevPAR in London and the regions.

In the first quarter of 2018 the pound has strengthened against the dollar and it remains to be seen whether this will have a negative impact on incoming US business. Combined with increased stock (19,000 additional rooms in the UK over 2017 and 2018, source AM:PM) and greater competition from providers such as serviced apartments, hostels and aparthotels, there will be continued and increasing pressure on under-invested hotels.

PwC's February analysis for 2018 forecasts RevPAR growth of 0.6% for London and 1.1% in the regions. But these forecasts are already looking optimistic for London which in the first six months saw a RevPAR decline of 1.4%. Indeed, this decline was already beginning to show in the RevPAR results in for November and December 2017 and around 9,000 rooms are set to open in the capital this year. In the regions the first six months saw a healthier RevPAR growth of 1.5%.

The UK economy grew far slower than expected in the first quarter of 2018 at 0.2% GDP growth. During the first quarter of 2018, unusually cold weather hit Britain and the ONS also blamed the weak growth on a fall in business investment and inflation. Growth still halved from 0.4% in the final quarter of 2017, but the slightly raised the prospect of an interest rate hike by the Bank of England and in August 2018 rates were raised to 0.75% from 0.5%, the level they were dropped to in March 2009.

Brexit uncertainty has increased pressure on finding and retaining talent. Rising costs in general have become an even greater challenge. Staff costs, business rates, pensions, utility and food bills are all escalating, a trend that is likely to persist for the next couple of years.

In 2017 much of our work was focused on regional, single-asset hotels valued at £5m to £25m, and portfolios up to £300m, and in all these areas the market has continued to be active in 2018. The aggregate value of UK hotel sales reached £5.5bn in 2017 which was 18% up on 2016 and in the first half of 2018 we estimate that transaction volume is up 28% on the same period last year.

Into 2018, there is still plenty of liquidity in the UK lending market, supported by banks, financial institutions, peer-to-peer lending and crowdfunding. Regionally, affluent individuals and families, and hotel funds are the most active buyers. Significant refinancing activity is being witnessed as owners seek to lock in low interest rates ahead of expected Bank of England rate rises.

The hotel market has traditionally been viewed by investors as alternative, but is now becoming more mainstream for long-term investors such as L&G, which this year acquired the Hampton Inn Stansted Airport. Life funds are now entering the market, looking for variable income, and we see a large appetite for lease income from institutions who see hotel investments as increasingly mainstream with higher yields than many other property investment options but which may still offer future yield compression.

Transaction highlights

The biggest and last portfolio transaction last year was the £800m sale of the Jurys Inn portfolio announced in December. This comprised 36 hotels and was acquired by Israeli-based Fattal Hotels Group and Swedish hotel investment company Pandox. 2017 was a year notable for other big transactions. In September, the £525m sale of QHotels took place; in August Hilton's London and Birmingham Metropoles were sold to Henderson Park for around £500m and in March Generator Hostels was purchased by Queensgate Investments for approximately £400m. Other individual transactions included Grosvenor House for £600m, the Lowry in Manchester for £53m and the Holiday Inn in Manchester for £53m.

This year we have already seen some headline grabbing deals, the biggest of which is the purchase by Foncière des Régions of the Principal Hotels from Starwood Capital for a reported £858m. The hotel portfolio comprised 2,638 bedrooms in 14 hotels (12 Principal hotels and two De Vere hotels) in major UK cities, including London, Manchester, Edinburgh, Glasgow, Oxford, York, Leeds and Cardiff. IHG will lease and

operate 13 of the 14 hotels and in so doing will introduce the Kimpton brand to the UK. Meanwhile Starwood Capital have purchased seven Hilton Hotels (1,334 bedrooms) from Park Hotels and Resorts (formerly Hilton Worldwide) for a reported £135m. Other overseas buyers active include the European investment firm LRC who purchased Lonestar's final remaining 23 assets held under the Amaris Hospitality platform for a reported £600m (c. 4,000 rooms).

There has been activity this year from buyers across the spectrum however. Investment company Ennismore (owner of the Hoxton and Gleneagles) purchased the 135 bedroom Eynsham Hall in Oxfordshire for a reported £10m. We are seeing regional hoteliers looking to expand and high net worth individuals (experienced and new to sector). Regional multiple operators Hetherley Capital, Starboard and Northern Powerhouse have all made acquisitions: respectively the Holiday Inn Express Strathclyde, Monk Fryston Hall near Leeds and the Cliffden Hotel in Teignmouth. Overseas interest in the UK continues: Singapore-based Buxani Group purchased the 117 bedroom GoGlasgow Urban Hotel in Glasgow from the Crerar Hotel Group for around £10m and Rockspring purchased the 148 bedroom Holiday Inn hotel in York from Colony Northstar for £15.3m.

Innovation

Technology and how customers interact with hotels is undergoing a seismic shift. Aside from keyless entry via phone, and service automation (letting you check in and out independently), hotels are ramping up connectivity. More apps, better bandwidth and seamless connectivity are all here to stay. We expect innovation, too, in food and beverage as customer demands evolve. Pop-up cafés, renowned chefs and DJs, specialist food and delivery are all ways of enlivening that income stream.

National Living Wage and Other Cost Concerns

The National Living Wage (NLW) was launched in April 2016 and supplements the National Minimum Wage (NMW) system. The NLW is now £7.83 per hour for the over 25s (effective from 1 April 2018), an increase of 4.4% compared to previous rate of £7.50 per hour payable from 1 April 2017.

When the NLW was launched, the government advised that the NLW would rise in a phased manner to £9 per hour by 2020; but unless the next two years herald very big increases (compared to inflation), that target looks set to be missed.

The National Minimum Wage (NMW) system remains in place for those aged below 25. 21 to 24 year olds must be paid a minimum of £7.38 per hour, and 18 to 20 year olds £5.90 (effective from 1 April 2018). Separate rates apply for under 18 year olds and apprentices.

In most parts of the UK, a reasonable proportion of general hotel staff are paid around the NLW. Some net profit squeeze may result from the rise in wage costs, unless prices can be adjusted. Future forecasting should reflect these aspects.

With the Government looking to introduce further increases to the National Living Wage, some operators have no choice but to absorb at least some of these additional payroll costs. Uncertainty over the UK's EU exit could undermine security in the sector and threaten investment, particularly if restrictions on foreign labour are introduced.

Under the Pensions Act 2008, every employer in the UK must put their qualifying employees into a pension scheme and, where appropriate, pay contributions. This is called "automatic enrolment" into what is commonly referred to as a "workplace pension".

Qualifying employees means all staff who:

- are aged between 22 and the State Pension age
- earn at least £10,000 a year
- normally work in the UK

The minimum contributions are as follows:

From	Minimum the employer pays	Minimum the employee pays	Total minimum contribution
April 2017	1%	1%	2%
April 2018	2%	3%	5%
April 2019	3%	5%	8%

Source: www.gov.uk/workplace-pensions as at 3.4.2018

From April 2018, the cost burden of employers' workplace pension contributions will rise, and most employees will also have less money in their pay packets.

Both minimum wage levels and the workplace pension changes have put further pressure on net profit margins.

On 1 April 2017 the business rate revaluation came into force in England and Wales which considerably increased the rates bill payable by some businesses. Furthermore the Apprenticeship Levy was introduced on 6 April 2017 which is payable by employers whose wage bill exceeds £3.0m per annum. Both initiations may negatively impact profit margins.

Our valuation reflects current market sentiment and our assessment of trade (including wages) takes into account the NLW/NMW and workplace pension.

Brexit and Market Uncertainty

The market for hotel properties has not so far been impacted by the Brexit decision, and transactional activity has continued un-affected. Our stated opinions of value accurately reflect current market sentiment. This includes having reference to the tone of market activity and bids as at the Valuation Date.

We consider the potential positive impact upon the UK hotel market to be:

- Further investment opportunities post-Brexit due to cheaper exchange rate/currency
- Increased international visitation (USA notably)
- Decline in UK outbound travel will translate into 'staycations'
- Opportunistic investors now starting to look at the UK
- Provincial markets may be less impacted (local investors /domestic institutions)
- At the current time buyers and sellers have adopted a "business as usual" approach, so there has not been a marked drop in the volume of transactions
- Market-wide there have been numerous transactions since the referendum result, indicating a functioning hotel market

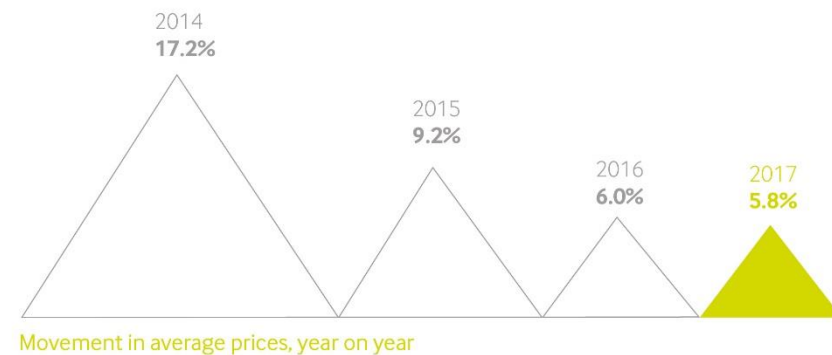
However, the following are seen as the potential negative impacts:

- Uncertainty remains – political and economic stability is perceived as relatively weak particularly following the results of the general election in May 2017
- Political and economic uncertainty may impact consumer confidence and potential spend on travel. Signs of a slowdown in growth in consumer spending became evident toward the end of 2017
- The terms of Britain's exit and subsequent relationship with the EU are to be agreed by negotiation, with as yet unknown consequences
- Impact on staffing in hospitality within the UK
- 'Wait and see' approach by some well-capitalised owners

- Reduced supply/transactional activity

Movement in Hotel Prices

Christie & Co's hotel price index, which uses average price information derived from hotel transactions brokered by the company, shows that hotel property prices increased by a smaller amount in 2017 at 5.8% than in 2016 (+6.0%). This is depicted overleaf:



Outlook

- We expect 2018 transaction levels to exceed those of 2017 across all sectors of the market including: more portfolio activity; a churn of single assets and small groups from larger portfolios purchased over the last few years; and continued turnover of smaller single assets
- Whilst private equity investors remain interested in the European markets there remains overseas and domestic appetite for hotel investment in the UK which we expect to increase in 2018

- RevPAR in the regional markets is likely to continue to grow at low rates in line with GDP although differences will become accentuated where there are strong supply pipelines. In London supply increase and an expected moderation in visitor numbers may result in flat RevPAR growth
- The positive and negative impacts of Brexit on the hotel investment and operational market will continue to be finely balanced as the UK continues negotiations to leave the European Union. The Dollar weakening against Sterling will logically reduce American investor and customer demand for hotels in the UK
- Potential cost impact from National Living Wage, increasing utility costs and online travel agent commissions

London Hotel Trading Environment

Market Characteristics

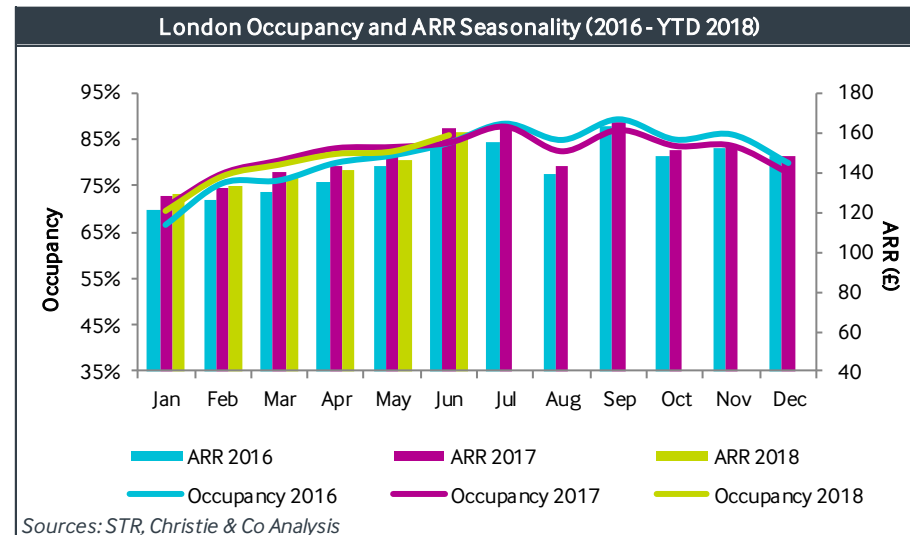
As a result of the global financial crisis and the ensuing recession in the UK, London hotels experienced a downturn in trading in the last quarter of 2008. With a high exposure to financial services and international tourism London was impacted first with the wider UK provincial hotel market following a few months later. However, the recovery in London was fast-paced, especially compared to the regions. London is the only market in the UK where inflation adjusted RevPAR has exceeded the 2008 high.

As a mature market, growth since 2011 has been relatively modest. Occupancy has been above 80% in all of the five years shown peaking at 83% in 2014 and 'suffering' since then from an increase in supply at all levels of the market. Notwithstanding this, average room rate has generally remained stable or moved forward. 2017 shows the positive impact for Britain after the Brexit vote, with occupancy and average rate up in response to an increase in overseas and domestic visitation. Both occupancy levels and average rates have surpassed pre-Banking Crisis levels, setting new records for London despite a number of new hotel openings during the same period. In 2017 occupancy was 81.7% and average rate was £149 leading to a RevPAR of £121.7, which was 4.4% upon the prior year. We began to see an occupancy reduction in the last few months of 2017 however, and in the year to date both occupancy and rate are down marginally on the previous year to date.

We are expecting a flat RevPAR outturn for 2018 on account of the new supply and stabilising visitor numbers. But, despite this and the political and economic uncertainty, London remains a market with robust underlying fundamentals relative to other European cities. In 2017 it finished third behind Paris and Zurich for RevPAR.

	2013	2014	2015	2016	2017	YTD (June)	
						2017	2018
Occupancy	82.4%	83.0%	82.2%	81.3%	81.7%	79.9%	79.6%
Average Room Rate (ARR £)	137.9	140.9	144.0	143.4	149.0	142.7	141.2
RevPAR (£)	113.6	117.0	118.3	116.7	121.7	113.9	112.3
YoY Change in RevPAR	1.5%	3.0%	1.1%	-1.3%	4.3%		-1.4%

Sources: STR, Christie & Co Analysis



Seasonality

As a global destination, London rarely suffers in respect of seasonality trends. Occupancy levels do not fall below 65% and for almost seven months of the year are close to or above 80%, as illustrated in the graph above.

The strongest demand for London hotels is seen in the months of April through to July and September through to November, i.e. periods of strong corporate activity and significant tourist traffic. In August demand typically declines due to reduced corporate activity.

Demand is at its weakest during the month of January, with average occupancy levels of around 65-75%. The remaining months make up the shoulder seasons and are typically associated with a mix of corporate demand and off peak leisure activity with occupancy levels typically ranging from 75% to 80%.

London Hotel Transactions

Freehold

Date	Name	Location	Rooms	Positioning	Price	Price/room	Yield	Multiple	Transaction Type
Jul-17	Hilton London Olympia	West End	405	Upscale	115	284,000			Investment (MC)
Feb-17	Doubletree Westminster	Westminster	460	Upscale	190	413,043	5.00%	20.0	VP w / Franchise
Dec-16	Doubletree Tower of London	City of London	583	Upscale	300	515,000			Investment (MC)
Mar-16	Park Plaza Victoria London	West End	299	Upscale	162	540,134			VP w / Franchise
Feb-16	Cranley Hotel, South Kensington	West End	39	Upscale	18	449,000			Investment (MC)
Jan-16	Two Club Quarters Hotels, City and West End	West End	468	Upscale	180	385,000	6.00%	16.7	Investment (MC)
Oct-15	Holiday Inn Kensington Forum	West End	906	Upscale	400	442,000	5.30%	18.9	Vacant Possession
Oct-15	Regency Hotel, Kensington	West End	203	Upscale	100	493,000			Vacant Possession
Apr-15	Ace Hotel	Shoreditch	258	Upscale	150	581,000	5.00%	20.0	Vacant Possession
Dec-14	St Ermin's Hotel, Autograph Collection	Westminster	331	Upscale	190	574,000			Investment (MC)
Oct-14	Kingsway Hall	West End	170	Upscale	90	529,000	5.50%	18.2	Vacant Possession
Sep-14	Harrington Hall	West End	200	Upscale	89	445,000			Vacant Possession
Jan-14	Abba Queen's Gate	West End	90	Upscale	40	444,000			Vacant Possession

Source: Various

Leasehold

Date	Name	Location	Rooms	Positioning	Price	Price/room	Yield	Multiple	Transaction Type	Notes
Sep-16	Academy Hotel	Mid Town	49	Upper Upscale	14	276,000	5.50%	18.2	Vacant Possession	Leasehold - Term Remaining 86 years
Feb-17	Threadneedles Hotel	City of London	74	Upper Upscale	40	541,000	6% - 6.75%	14.8 - 16.6	Vacant Possession	Leasehold - Term Remaining 55 years
Mar-14	Wyndham Grand London Chelsea Harbour	Chelsea	158	Upper Upscale	65	411,000	-	-	Vacant Possession	Leasehold - Term Remaining 98 years

Source: Various

Provincial UK Hotel Trading Environment

Market Characteristics

Provincial UK hotels, excluding London, are influenced by national, rather than global, economic variables.

The table adjacent shows occupancy, ARR and RevPAR over the last five years and the year to date. Post recession in the UK, regional hotel RevPAR has performed relatively well, growing from a low base by 5.5% in 2013 and by 10.4% in 2014. As the market matured growth rates slowed in 2016 and 2017 to 2.9% and 3.8% respectively. Over these last two periods occupancy reached a fairly stable level, around 76% whilst rates continued to move forward on the strength of continued economic recovery in the UK represented by steady growth in GDP and continued increase in UK visitor numbers which rose 6.2% in 2017 on the prior year to 39.9m according to VisitBritain.

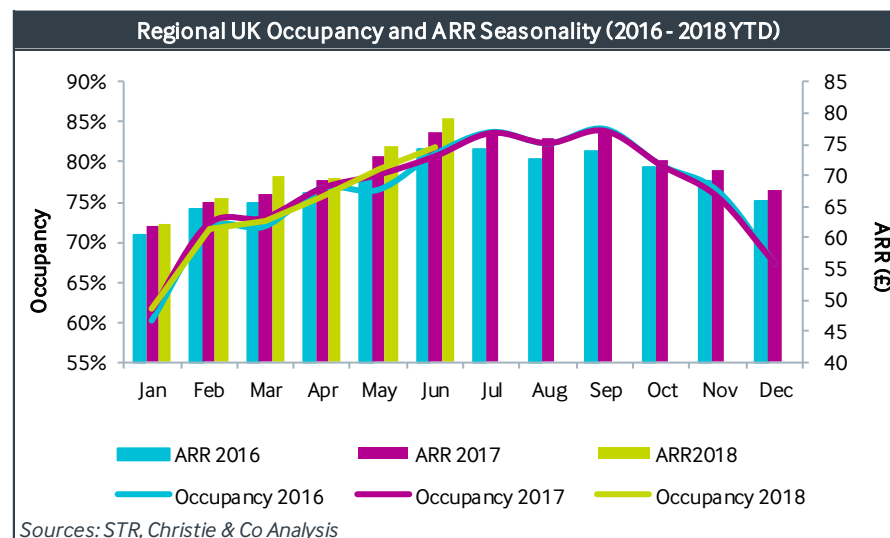
During the year to June 2018 we have seen a slow but steady RevPAR performance growth of 2.0%, driven by a small increase in average room rate. Stable growth in the regions has resulted in continued interest in regional hotel transaction activity from domestic purchasers and growing interest from overseas buyers seeking stable economic and legal environments while generating good returns.

Different markets have performed in different ways however. In 2017, for example, Belfast, Edinburgh and Plymouth returned the highest growths in RevPAR at 16.9%, 12.4% and 10.0% respectively. Aberdeen on the other hand suffered from a decline of 6.2%. In this market there was a significant supply increase combined with a continued fall in demand related in part to low oil prices.

Generally, inflation-adjusted hotel RevPAR has not yet returned to the levels seen at the peak in 2007 and 2008.

	2013	2014	2015	2016	2017	YTD (June)	
						2017	2018
Occupancy	72.7%	75.4%	76.0%	75.9%	76.1%	73.4%	73.7%
Average Room Rate (ARR £)	60.1	64.0	67.3	69.5	71.9	69.8	70.9
RevPAR (£)	43.7	48.3	51.2	52.7	54.7	51.2	52.2
YoY Change in RevPAR	5.5%	10.5%	6.1%	2.9%	3.8%		2.0%

Sources: STR, Christie & Co Analysis



Seasonality

As illustrated in the graph opposite, demand for provincial UK hotels is strongest during the months of May through October, periods typically associated with the corporate and conference markets, as well as leisure trade driven by summer tourism. During these months, average hotel occupancy has been greater than 75% in recent years.

Demand is at its weakest during in January, with average occupancy levels of around 60% witnessed. The remaining months make up the shoulder seasons with occupancies typically ranging between 65% and 70%.

Provincial Hotel Transactions

Freehold

Date	Property	Location	Rooms	Positioning	Price	Price / Room	Yield	Multiple	Basis of Sale
Aug-17	Hampton by Hilton Stansted	Stansted Terminal	357	Midscale	49,350,000	138,235	7.3%	13.75	VP w/Franchise
Jul-17	Doubletree Ealing	Ealing	189	Upscale	39,410,000	208,519	-	-	VP w/Franchise
May-17	The Lowry Hotel	Manchester	165	Upscale	52,500,000	318,182	7.30%	13.70	Vacant Possession
Apr-17	Hilton LHR Terminal 4	Heathrow	398	Upscale	80,000,000	201,005	5.5%	18.20	Investment (L)
Apr-17	Holiday Inn Manchester City Centre	Manchester	298	Midscale	54,000,000	181,208	7.75% - 7.27%	12.9 - 13.75	VP w/Franchise
Apr-17	Reading Moat House	Reading	129	Upscale	10,000,000	77,519	10.0%	10	Vacant Possession
Jan-17	Holiday Inn Express Tamworth	Tamworth	120	Ltd Service	7,000,000	58,333	8.5%	12	VP w/Franchise
Oct-16	Mercure Hatfield Oak	Hatfield	76	Midscale	5,980,000	78,684	11.1%	9	VP w/Franchise
Oct-16	Mercure The Noke	St Albans	110	Midscale	7,500,000	68,182	8.0%	12.5	Vacant Possession
Jun-16	Hilton Basingstoke	Basingstoke	141	Upscale	6,500,000	46,099	13.5%	7.4	Vacant Possession
Apr-16	Holiday Inn Express Southampton	Southampton	176	Ltd Service	19,000,000	107,955	-	-	VP w/Franchise
Apr-16	Holiday Inn Luton South	Luton South - M1 Jct 9	140	Midscale	7,300,000	52,143	10.8%	9.25	VP w/Franchise
Mar-16	Hampton by Hilton Gatwick	Gatwick	192	Midscale	20,132,000	104,854	7.75%-8.25%	12 - 13	VP w/Franchise
Mar-16	Hilton Swindon	Swindon	171	Midscale	11,150,000	65,205	7.8%	13	Vacant Possession
Mar-16	Holiday Inn Express Oxford Road	Manchester	147	Ltd Service	17,300,000	117,687	7.0%	14.25	VP w/Franchise
Feb-16	Mercure Bristol Brigstow	Bristol	116	Midscale	13,500,000	116,379	8.3%	12	VP w/Franchise
Aug-15	Holiday Inn Express Dunstable	Dunstable	120	Ltd Service	9,250,000	77,083	7.7%	13	VP w/Franchise
Feb-15	Holiday Inn Express Nottingham	Nottingham	120	Ltd Service	7,000,000	58,333	-	-	VP w/Franchise
Sep-14	Holiday Inn Northampton West	Northampton	53	Midscale	1,741,183	32,853	6.3%	16	Vacant Possession

Source: Various

Leasehold

Date	Property	Location	Rooms	Positioning	Price	Price / Room	Yield	Multiple	Notes
Mar-18	Premier Inn	Newcastle CC	186	Ltd Service	4,550,000	24,462	16.7%	6	Leasehold - Term Remaining 58 years
Mar-18	Premier Inn	Solihull	43	Ltd Service	1,070,000	24,884	28.0%	4	Leasehold - Term Remaining 99 years
Aug-17	Mayair Hotel	Bournemouth	40	Midscale	1,150,000	28,750	11.1%	9	Leasehold - Term Remaining 40 years
Jul-17	Holiday Inn Express	Aberdeen	86	Ltd Service	3,000,000	34,884	4.5%	22	Leasehold - Term Remaining 170 years
Mar-17	Mercure	Wigan	88	Midscale	1,450,000	16,477	12.5%	8	Leasehold - Term Remaining 129 years
Dec-16	Holiday Inn Express	Walsall	120	Ltd Service	6,200,000	51,667	10.0%	10	Leasehold - Term Remaining 150 years
May-16	Holiday Inn	Chester	81	Ltd Service	1,050,000	12,963	-	-	Leasehold - Term Remaining 35 years
May-16	Holiday Inn Express	Leeds	130	Ltd Service	8,250,000	63,462	-	-	Leasehold - Term Remaining 125 years

Source: Various

Section 4

The Valuation

The Valuation

Methodology

We have had regard to Valuation Practice Guidance – Application 4 (“VPGA 4”), valuation of individual trade related properties. Certain trade related properties are valued using the profits method of valuation. This Valuation Practice Guidance – Application sets out the principles of this method of valuation. Trade related properties are normally bought and sold on the basis of their trading potential. The essential characteristic of this type of property is that it has been designed or adapted for a specific use, and as a result the value of the property is intrinsically linked to the returns that an owner can generate from that use. The value therefore reflects the trading potential of the property.

Unless otherwise stated, our valuations are provided on an estimate of fair maintainable turnover (FMT) and operating profit (FMOP) that a Reasonably Efficient Operator (REO) would expect to achieve on the assumption that each property is properly equipped, repaired, maintained and decorated.

In preparing our valuation we have utilised a number of methodologies which we consider appropriate to such businesses. Principally we have adopted an income capitalisation approach checking against a direct comparable approach.

With the exceptions of The Cumberland and Thistle Heathrow, our assessment of EBITDA is shown post deduction of an FF&E reserve equivalent to 3% of turnover.

The comparative approach is easily understood by operators and investors alike and such comparisons are widely quoted in the professional press and local and national media. Sales of comparable hotels have been carefully analysed and weighted against all the respective advantages and disadvantages of the Properties in order to confirm the Market Values ascribed by income capitalisation.

Market Value Definition

This Report has been produced in accordance with the Red Book. The basis of valuation is Market Value, which is defined by the Red Book 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 definition of Market Value should be interpreted in the context of the 2017 International Valuation Standards Framework (paragraphs 30 to 30.7 of IVS104), which includes the conceptual framework.

Basis of Market Value

Market Value of the Property as a fully equipped operational entity having regard to trading potential.

Marketing

The Market Values ascribed assume orderly marketing programmes for the Properties of individual disposals, not a sale of all the Properties at one time, depending on their tenure. For the freehold and long leasehold Properties a period of six to nine months; for the short leasehold Properties a period of between nine and eighteen months. Commensurate with this assumption we have valued the Properties assuming efficient marketing and management systems are in operation.

Short Leasehold Commentary

We were advised by the Companies that six of the Properties were the subject of a sale and leaseback transaction in April 2005 with Topland Group Holdings Limited (“Topland”). We consider that some of the rents payable under this transaction are higher than open market levels negotiated under standard commercial leases. The incidence of such sale and leaseback transactions increased significantly in the UK hotel property market up to the “Credit Crunch”, as the onset of the financial and banking crisis was colloquially dubbed in 2007, but since that date such activity has stalled. Many lessees have faced

mounting difficulties meeting their contractual rent obligations as trading has become increasingly difficult. Furthermore, there remains scant market evidence of transactions of the lessees' interests, many hotels being perceived as "over rented" in the current trading environment. We have therefore used valuer judgement and are of the opinion that in a number of cases where there is a current likelihood of negligible or negative EBITDA, then short leasehold hotels can have nil value.

Valuation Summary

In the table adjacent, we set out our opinions of Market Value of the Properties.

The total freehold (FH) Property values equate to £308,000,000.

The total long leasehold (LLH) Property values equates to £685,000,000.

The total short leasehold (LH) Property values equates to £74,800,000.

The Properties have been valued individually and no account has been taken of the value of the group should they be disposed of in a single or multiple lots.

The valuations exclude any liability that arises or could arise in respect of VAT, taxation and the costs of acquisition or realisation.

Property	Location	Tenure	Rooms	Market Value	Market Value /Room
The Tower	St Katharine's Way, E1W	FH	801	255,000,000	318,350
Thistle Kensington Gardens	Bayswater Road, W2	FH	175	53,000,000	302,860
Amba Hotel Marble Arch	Marble Arch W1H	LLH	692	311,000,000	449,420
The Grosvenor	Buckingham Palace Road, SW1W	LLH	345	118,000,000	342,030
Royal Horseguards and One Whitehall Place	Whitehall Court SW1A	LLH	282	140,000,000	496,450
Thistle Heathrow	Bath Road UB7	LLH	266	6,000,000	22,560
Amba Hotel Charing Cross	The Strand WC2N	LLH	239	110,000,000	460,250
The Cumberland	Marble Arch W1A	LH	1019	69,600,000	68,300
Thistle City Barbican	120 Central Street EC1V	LH	463	-	-
Thistle Express Luton	Luton LU1	LH	152	-	-
Thistle Trafalgar Square	Trafalgar Square WC2H	LH	108	2,400,000	22,220
Thistle Bloomsbury Park	126 Southampton Row WC1B	LH	95	2,000,000	21,050
Thistle Express Swindon	Swindon SN1	LH	95	-	-
Thistle Piccadilly	Coventry Street W1D	LH	82	800,000	9,760
Thistle Hyde Park	Lancaster Gate, London W2	LH	54	-	-

Source: Christie & Co Valuation

Restrictions and Confidentiality

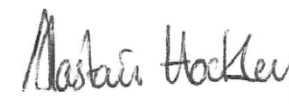
For the purpose of compliance with Rule 11.3 of the Takeovers Code and as advised by the Client, the potential tax liabilities which may arise from the sale of properties includes capital gains tax which levies on the profit from the sale of properties at 19% in the United Kingdom. The likelihood of the potential tax liability being crystalized is considered remote as we are advised that as at 5 October 2018, being the latest practicable date for the purpose of ascertaining certain information for inclusion in the Scheme Document, the Client has no current intention to dispose of the relevant property interests.

According to our standard practice, in the course of preparing the Report, we have neither verified nor taken into account such tax liability. We have valued the Properties as being clear and free of all debentures, mortgages or other forms of secured lending and any other charges which may be secured thereon. Furthermore, we have not taken into consideration changes in legislation both general and specific to the UK property market, or the effect of wholly unforeseen and catastrophic events upon the UK hotel property market.

The report is provided solely for the purpose stated in the Introduction to the Report. It is confidential to and for the use only of the party to whom it is addressed only, and no responsibility is accepted to any third party for the whole or any part of its contents. Any such parties rely upon the report at their own risk. Save as for the express purpose indicated in the Introduction (for which the Report can be replicated in full only not in part), neither the whole nor any part of this report or any reference to it may be included now, or at any time in the future, in any published document, circular or statement, nor published, referred to or used in any way without our written approval of the form and context in which it may appear.



Tom Holt-Wilson MRICS
Director
RICS Registered Valuer



Alastair Hockley MRICS
Director
RICS Registered Valuer

10 October 2018

On behalf of:

Christie & Co
Whitefriars House
6 Carmelite Street
EC4Y 0BS

Section 5

Appendices

Appendix 1: Instructions

The Directors
Guoco Group Limited
50/F The Center
99 Queen's Road Central
Hong Kong

13 July 2018

Dear Sirs

Valuation – GLH Hotel Portfolio

This letter is to confirm the Terms of Engagement in respect of your instructions to undertake a Valuation of the Properties referred to herein. Set out below is our understanding of the Terms of Engagement, however if your understanding differs please let us know as soon as possible.

- The client to whom the Report will be addressed is Guoco Group Limited
- The subjects of the Valuation are the following fifteen Properties:

Freehold Properties

- The Tower – a Guoman Hotel, St Katharine's Way, London E1W 1LD
- Thistle Kensington Gardens, Bayswater Road, London W2 3HL

Long Leasehold Properties

- Amba Hotel Marble Arch, Bryanston Street, Marble Arch, London W1H 7EH
- Amba Hotel Charing Cross – Strand, London WC2N 5HX
- Royal Horseguards and One Whitehall Place – a Guoman Hotel, Whitehall Court, London SW1A 2EJ
- The Grosvenor – a Guoman Hotel, Buckingham Palace Road, London SW1W 0SJ
- Thistle Heathrow, Bath Road, Longford, West Drayton UB7 0EQ

Short Leasehold Properties

- Thistle Trafalgar Square, Whitcomb Street, Trafalgar Square, London WC2H 7HG
- Thistle Hyde Park, Hyde Park, Lancaster Gate, London W2 3NR
- Thistle City Barbican, 120 Central Street, London EC1V 8DS
- Thistle Bloomsbury Park, 126 Southampton Row, London WC1B 5AD
- Thistle Piccadilly, Coventry Street, London W1D 6BZ
- Thistle Express Swindon, Fleming Way, Swindon SN1 1TN
- Thistle Express Luton, The Mall, Library Road, Luton, LU1 2TR
- The Cumberland – a Guoman Hotel, Marble Arch, London W1A 4RF

- The purpose of the Valuation is for inclusion in Guoco Group Limited's composite document in relation to a scheme arrangement announced on 2 July 2018 on The Stock Exchange of Hong Kong Limited. Apart from this, the Report must not be published without our prior written consent.
- The Valuation will be undertaken in accordance with the RICS Valuation - Global Standards published in June 2017 (the "Red Book"), including VPGA 4 (Valuation of individual trade related properties) and VPS 3 (Valuation reports), and the International Valuation Standards 2017 ("IVS").
- Our understanding is that the Properties are trading as hotels.

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London EC4Y 0BS

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- The basis of value is to Market Value.
- The date of Valuation will be 31 July 2018.
- There is no relationship between Christie & Co (including the signatories of the report) and the client other than the current valuation. We do not have a conflict of interest undertaking these valuations.
- We have sufficient professional indemnity insurance on a per claim basis in respect of the instructions.
- We confirm that we shall be acting in the capacity of external valuers.
- The currency adopted in all calculations and Valuations is £ GBP.
- The extent of our inspection and investigations is as set out in VPS 2 of the Red Book.
- The sources of information are to be the client and any third party directed by the client. We shall rely on the information supplied as being accurate.
- The Report is limited to the addressee, GLH Hotels Group and professional advisors only without reference back to us for consent to permit disclosure to other parties.
- The Valuation Report will be undertaken by Tom Holt-Wilson MRICS, Director of Christie & Co and RICS Registered Valuer. They have the appropriate local and national knowledge of the particular market and the skills and understanding necessary, to undertake the valuation competently. We also confirm that they are in a position to provide an objective and unbiased valuation.
- Our involvement will be subject to our general terms and conditions of engagement, a copy of which is attached.

Should the appointment be aborted prior to delivery of the Valuation Report in final draft form, the abortive fee will be charged at 70% of the lump sum fee above or costs to date, whichever is the lower. However, should the appointment be aborted after the delivery of the Valuation Report in final draft form then the abortive fee will be 70% of the lump sum fee above.

Please sign and return a copy of this letter to us, at the address set out earlier.

No other fee or payment or service is being received from any party for this Valuation and no fees have been paid by the client to Christie & Co during the last twelve months.

- Any complaints or issues arising out of the Valuation will be in accordance with Christie & Co's complaints handling procedure, a copy being available on request.
- The Valuation may be subject to monitoring under RICS' conduct and disciplinary regulations.

The Terms of Engagement and Terms and Conditions are enclosed.

Thank you once again for this instruction.



Yours faithfully

Tom Holt-Wilson

Tom Holt-Wilson MRICS
Director
T: +44 (0)207227 0744
E: tom.holt-wilson@christie.com

I agree to the above letter and enclosed Terms and Conditions

Signed:

Name:

Tang Hong Cheong

Position:

Chief Executive Officer

Company:

Guoco Group Limited

Dated:

26 Jul 2018

CHRISTIE & CO – TERMS & CONDITIONS OF ENGAGEMENT

Christie & Co will undertake a valuation ("the Valuation") of the Property in accordance with the terms of their Instruction Letter annexed hereto ("the Instruction Letter") following best practice in accordance with the current edition of the RICS Valuation - Global Standards published in June 2017 by the Royal Institution of Chartered Surveyors ("the Red Book") and will provide a report ("the Valuation Report") upon the Terms & Conditions hereinafter set out. Where any term of the Instruction Letter shall be inconsistent with the general Terms & Conditions below, the former shall prevail. The Valuation Report shall be provided for the purpose solely stated in the Instruction Letter and shall be for the sole use of the client ("the Client") to whom the Instruction Letter is addressed. The Terms & Conditions are as follows:-

1. For the purposes of the Valuation Report and these Terms & Conditions, the following expressions shall have the following meanings:-

"Christie & Co"	means Christie Owen & Davies Limited whose registered office is at Whitefriars House, 6 Carmelite Street, London EC4Y 0BS
"use of singular and plural"	singular words may be applied in the plural and plural words may be applied in the singular
"Property"	shall mean the Property identified in the Instruction Letter and the business or proposed business indicated in the Instruction Letter where appropriate
"Market Value"	shall have the same meaning as defined in the Red Book, which is: <i>"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."</i>
"Market Rent"	shall have the same meaning as defined in the Red Book, which is: <i>"the estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."</i>
"Special Assumptions"	shall have the same meaning as defined by the International Valuation Standards in the Red Book, which is: <i>"an assumption that either assumes facts that differ from the actual facts existing at the valuation date or that would not be made by a typical market participant in a transaction on the valuation date."</i> Certain Market Values subject to Special Assumptions ("MVSA") may be set out within the Instruction Letter.
"for existing use"	the addition of these words to "Market Value" make it necessary to presume that the Property can be used for the foreseeable future only for the existing use; and that vacant possession is provided on completion of the sale of all parts of the Property occupied by the business
"proposed use"	shall mean the proposed use notified by the Client in writing to Christie & Co at or before the date of the Instruction Letter as identified in the Instruction Letter

2. The value ascribed by Christie & Co shall be the "Market Value" (or MVSA) for the existing use or the projected use of the Property (as identified in the Instruction Letter) on the basis of the Property's present or projected condition and trading performance as a fully-equipped operational commercial unit at the date of valuation, or implementation of the projected use (as the case may be).

3. ***Unless otherwise stated in the Valuation Report, the following will not be taken into consideration:-***
 - (a) development potential (save as may be stated in writing in the Instruction Letter provided this is consistent with the Valuation Report)
 - (b) stock-in trade
 - (c) any motor vehicles used or projected for use in the business
 - (d) trade debtors and creditors or other assets or liabilities of the business
 - (e) contingent liabilities of the business or attaching to the Property

- (f) items with exceptional value beyond their current use; and
- (g) the cost of realising or acquiring the value of the Property on the open market, including professional fees, possible tax and VAT liabilities, redundancy and other compensation payments which may be triggered by the sale of the Property/business

4. **Unless previously advised by, or to, Christie & Co in writing**, Christie & Co shall be entitled to place full reliance upon the information provided by the Client or the Client's professional advisors and bankers (or the owner or owner's professional advisors and bankers where relevant) (and where reasonable to do so upon agents particulars which have been issued in respect of the Property). Where expressly stated in the Valuation Report that Christie & Co have been provided with various information from statutory authorities, whether verbally, through electronic search, in writing or otherwise, (for example, with regard to fire or planning or other statutory matters, etc) Christie & Co shall be entitled to place due reliance thereon. Notwithstanding the foregoing, Christie & Co can take no responsibility for any mis-statement, omission or misrepresentation made to it.

4.1 Where the Valuation is expressed to be subject to repair, refurbishment, extension or otherwise of the Property, any estimates and projections of cost provided for Christie & Co's use shall be assumed to be realistic.

4.2 Christie & Co will not make recommendations of how the Valuation may be enhanced by additional activity in the business or extension, development or conversion of the Property unless this is expressly within the projected use identified in the Instruction Letter.

5. Christie & Co will carry out such inspections and investigations which in their professional judgement are appropriate, taking into account any obvious or reported defects in the condition of the Property which in their opinion might have a substantial effect on the value or the security offered by the Property but for the avoidance of doubt Christie & Co will not:

5.1 carry out a structural survey of the Property and shall be entitled to assume that, if such a survey were undertaken, it would not reveal any inherent defect or defects which may materially affect the value of the Property. In particular, Christie & Co will not inspect woodwork, plaster or other material in, or other parts of, the Property which are covered, unexposed or inaccessible at the time of its valuation, nor the contents of any voids, pipes, ducts, tanks or systems upon, within or under the Property and such parts and internal volumes will be assumed to be in good repair and condition and free from any toxic or other moulds, bacteria, fungus, vermin, parasites or other infestation, chemicals or other contamination or pollution;

5.2 carry out a site investigation, or geographical, geophysical or environmental audit or survey or investigation of the Property or neighbouring land or test of air quality and shall be entitled to assume that, if the same were to be undertaken, they would not reveal any matter or matters which may materially affect the value of the Property;

5.3 investigate past or present land uses and (unless expressly stated in its Instruction Letter) shall assume that no harmful or hazardous material has been used in the construction of the Property or has since been incorporated or will be, that there is no contamination in or from the ground, that the ground has sufficient loadbearing strength to support the existing constructions or any other construction that may be erected upon it in the future, that it is not landfilled ground and that there is no fault, cause or disability underground which could or might affect the Property or any construction thereon;

5.4 carry out a survey to ascertain whether or not asbestos is present at the Property, nor have they made any assessment or judgement as to whether an asbestos survey is necessary;

5.5 carry out or commission any investigations or enquiry as to whether the Property and any buildings upon the Property are required to comply, or do in fact comply, with the Equality Act 2010;

and the Valuation Report shall not be deemed to express any opinion about such matters or as to the viability of the business or of any projected use.

6. **Unless otherwise stated in the Instruction Letter or the Valuation Report** (in the case of the latter as revealed at our inspection or established during our enquiries) Christie & Co shall be entitled to assume (and the Valuation Report shall not constitute any guarantee or warranty, express or implied) that:-

6.1 no high alumina cement or concrete, calcium or other chloride additive or any other deleterious or potentially deleterious material, or special material which is not freely available, was, or will be, used in the construction or adaptation of the Property, or has since been incorporated into the Property;

- 6.2 no contamination, pollution or infestation exists at the Property, and in particular that air volumes, surfaces and the air and liquid contents of all voids, ducts, pipes, tanks and systems are free from contamination, pollution or infestation;
- 6.3 no asbestos is present at the Property, or if such is not the case, that all persons having an interest in the Property, or who have a statutory duty to do so, have duly and fully carried out their respective obligations pursuant to regulations on control of asbestos and have maintained their continuing obligations thereunder so that no failure to manage asbestos has occurred.
- 6.4 the Property is, or will be, of sound design and construction and free from any inherent defect or defects, and that all normal services necessary for the business are in working order, and that such services are not shared by third parties;
- 6.5 all external cladding is fire retardant and capable of passing government or independent third party testing, and the integral design of the Property in respect of fire compartments complies with current fire safety legislation
- 6.6 (save as disclosed previously to Christie & Co in writing by the Client) the Property is not, nor will be, subject to any underlettings or other rights of occupation (for example, grazing, mineral, drainage rights, etc.);
- 6.7 (Christie & Co having not inspected the title deeds to the Property but relying on statements made by the Client) the Property is, or will be, free from any unusual or onerous or contrary restrictions, encumbrances, outgoing or other third party rights, and that a good title can be shown to all parts of the Property, and that all covenants (including leasehold covenants, restrictions and stipulations) have been strictly complied with;
- 6.8 the trade furnishings, fixtures, fittings, plant and equipment ("the Trade Items") are, and will be, free from hire purchase, credit sale, leasing, rental, free loan, service agreements, or other third party rights, and the Trade Items are, or will be, in good working order, and have, or will have, all appropriate agreements and arrangements for maintenance;
- 6.9 the Property and the Trade Items and the value thereof are, and will be, unaffected by any matters which might be revealed by a Local Land Charges Search, Replies to Preliminary Enquiries or Statutory Notice; and that neither the Property nor its condition, use or projected use, is or will be in any way unlawful and that the Property and its owner holds and will continue to hold all licences required by law without the same being qualified;
- 6.10 the Property, and its use, complies and will comply in all respects with all statutory or other requirements (if any) (unless Christie & Co is expressly notified by the Client to the contrary in writing prior to the Instruction Letter);
- 6.11 the Property and Trade Items are free and clear of all mortgages and/or other charges which may or might be secured thereon;
- 6.12 unless otherwise advised to Christie & Co in writing prior to the Instruction Letter the Property constitutes, and will constitute, a single trading entity and does not, and will not, form part of a group or portfolio;
- 6.13 that all and any necessary computer systems are robust, secure and compatible with industry standards, including anti-virus protection and are able to deal with any necessary currency conversions, including the conversion of European currencies to Euros and vice versa;
- 6.14 that boundary and other plans supplied to Christie & Co are correct and that measurements thereon or therefrom are accurate;
- 6.15 in the case of Property which is to be subject to repair, refurbishment, redevelopment or other building works Christie & Co are entitled to assume that all works will be carried out in accordance with all plans and other documents and costings provided to it and that all such works will be to a good standard, meeting all relevant statutory and regulatory requirements and that all appropriate warranties, certificates, guarantees and approvals will be issued on completion of the works, and will be capable of assignment to future owners and occupiers of the Property;
- 6.16 that the Valuation Report is required by the Client for a business purpose and that the Client is consequently not a "consumer" for the purposes of consumer legislation;
- 6.17 that neither the Property nor the business are subject to any abnormal terrorist risk.

7. The Valuation Report shall be the copyright of Christie & Co and shall not be published or reproduced by the Client in any way without the express prior permission of Christie & Co.
8. The Client acknowledges the right of Christie & Co to hold details of the Property and the business upon its Group Database and acknowledges that all database rights (within the meaning of the Copyrights Designs and Patents Act 1988 and the Copyright and Rights in Databases Regulations 1997) are reserved to and owned by Christie & Co, who shall be entitled to use such data for any purpose provided that the identity of the Client and the Property remains confidential (unless the Client has agreed to his/its name being quoted by Christie & Co).
9. Christie & Co have a complaints handling procedure which is available upon request.
10. The Valuation Report will not take into account the effect of wholly unforeseen and catastrophic events upon the Property market.
11.
 - 11.1 The Client shall be responsible for, and shall hold insurance to cover risks to, the safety of Christie & Co personnel and their personal effects and equipment whilst upon the Property.
 - 11.2 All warranties, conditions and other terms implied by statute or common law are to the fullest extent permitted by law excluded from these Terms and Conditions
 - 11.3 Subject to clauses 11.4, 11.5 and 11.6:
 - 11.3.1 Christie & Co's total liability in contract, tort (including negligence or breach of statutory duty), misrepresentation, restitution or otherwise, arising in connection with the performance or contemplated performance of its obligations in accordance with these Terms and Conditions shall be limited to the lower of the highest value ascribed by Christie & Co to the Property that is the subject of the Valuation Report and the sum of £30,000,000;
 - 11.3.2 Christie & Co shall not be liable to the Client for any loss of profit, loss of business, depletion of goodwill or otherwise, in each case whether direct, indirect or consequential, or any claims for consequential economic loss or other consequential loss or compensation whatsoever (howsoever caused) which arise out of or in connection with these Terms and Conditions;
 - 11.4 Subject to clause 11.5 the liability of Christie & Co for any loss or damage will be limited so as to be in proportion to the contribution by Christie & Co to the overall fault for such loss or damage after taking account of any negligence of any other party responsible to the Client and the involvement of Christie & Co relative to that of the other parties responsible to the Client and any contributory negligence of the Client, as agreed between the parties, or failing agreement, as determined by the English Courts.
 - 11.5 Nothing in these conditions excludes or limits Christie & Co's liability for:
 - 11.5.1 death or personal injury caused by Christie & Co's negligence; or
 - 11.5.2 any matter which it would be illegal for Christie & Co to exclude or attempt to exclude its liability; or
 - 11.5.3 for fraud or fraudulent misrepresentation.
 - 11.6 Christie & Co shall not be liable to the Client or be deemed to be in breach of these Terms and Conditions by reason of any delay in performing, or any failure to perform, any of its obligations in relation to these Terms and Conditions if the delay or failure was due to any cause beyond Christie & Co's reasonable control;
 - 11.7 The Client accepts that the limitations of liability contained in this clause 11 are reasonable in all the circumstances.
12. ***Unless agreed differently and confirmed in the Instruction Letter Christie & Co's fees for the Valuation Report will be due on the following basis:-***
 - 12.0.1 On completion of Property inspection(s) – 33% of the total agreed fee
 - 12.0.2 Upon completion of a draft Valuation Report – 66% of the total agreed fee
 - 12.0.3 Upon issue of the Final Valuation Report – 100% of the total agreed fee

We reserve the right to produce an interim invoice in accordance with the above.

- 12.1 In the event Christie & Co is unable to complete the Valuation Report within 13 weeks from instruction, then we reserve the right to invoice an Abortive Fee on a pro-rotta basis taking into account clause 12.0
- 12.2 Disbursements and out of pocket expenses will be charged at cost. Mileage will be charged at the current AA recommended rate per mile.
- 12.3 Value Added Tax ("VAT") at the current rate is payable on all fees, disbursements and mileage charges.
- 12.4 All fees, disbursements, out of pocket expenses, mileage charges and VAT thereon (together "all fees") are to be paid within 14 days from the date of invoice, and if not so paid, interest shall be payable thereon at 4% above Barclays Bank Plc Base Rate from time to time, both before and after judgment.
- 12.5 The payment of all fees shall be the responsibility of the person signing the Instruction Letter, the partners of any firm and the directors of any company on whose behalf the Valuation Report has been commissioned, and all or any of them, jointly and severally, and the person signing overleaf hereby warrants that he/she has the appropriate authority to bind the partners or directors as aforesaid (as the case may be). No reliance may be placed upon Christie & Co's Valuation Report until all fees due to Christie & Co have been paid in full.
- 12.6 If the Valuation Report shall be required to be used for the purpose of any Court proceedings, the express prior written consent of Christie & Co will be required (which will not be unreasonably withheld subject to such additional fee as Christie & Co may reasonably charge, and subject to Christie & Co's rights of copyright being acknowledged by the parties to those proceedings). If Christie & Co shall be called upon to give evidence in such proceedings, an appropriate fee calculated on the current hourly charge-out rate of the surveyor concerned shall be paid as an additional fee together with all disbursements, out-of-pocket expenses, mileage charges, waiting time together with VAT on the foregoing.
- 12.7 Christie & Co's hourly charge out rates (excluding VAT) are as follows:

	Valuer	Associate Director	Director
London	£150-200	£250-300	£350-400
UK Regions	£100-150	£200-250	£250-300

The UK Managing Director's hourly charge out rate is £1,000 (excluding VAT).

- 13.** This Agreement shall be governed by English Law and any dispute arising therefrom shall be adjudicated upon only by the English Courts.

Appendix 2: Conditions and Assumptions of Valuation

Conditions and Assumptions of Valuation

1. DEFINITIONS

Unless the context requires otherwise the following terms have the meanings ascribed.

The "Client"	Means the person(s) or body identified within the Report from whom the instructions to prepare the Report have been received. Reference to the Client within the Report and shall all in cases by interpreted to mean only this person(s) or body.
The "Property"	Means all those freehold or leasehold premises, which are the subject of this Report, and in the case of development, schemes those that are proposed.
The "Business"	Means the business, trade or profession that is, or is intended to be, carried on at the Property.
"Christie & Co"	Means Christie Owen & Davies Limited whose registered office is at Whitefriars House, 6 Carmelite Street, London EC4Y 0BS
The "Report"	Means the contents of this Report including the Valuation Certificate and all appendices and addendums.

2. INSTRUCTIONS

This Report and the method of its preparation are governed by Christie & Co's terms and conditions of engagement and Instruction letter and shall be read in conjunction therewith.

3. PURPOSE OF THE REPORT

Christie & Co have prepared this Report for use only by the Client for the purpose stated within the introduction to this Report and for no other purpose whatsoever. No person or body other than the Client may rely on the Report and neither the whole nor any part of the Report nor any reference thereto is to be included in any published document, circular or statement nor published in any way without the written approval of Christie & Co as to the form and context in which it may appear.

4. INFORMATION

Christie & Co have been provided with various information for the purposes of preparing the Report and are entitled to rely upon such information provided by the Client, the Client's professional

advisors and bankers (or the owner or owner's professional advisors and bankers where relevant) and, where relevant, upon agent's particulars which have been issued in respect of the Property. Christie & Co are also entitled to rely on information provided by statutory authorities. Notwithstanding the foregoing Christie & Co can take no responsibility for any mis-statement, omission or misrepresentation made to it.

5. PHYSICAL CONSIDERATIONS

The Report is not and should not be construed as any form of structural survey of the Property. Christie & Co did not inspect woodwork or other parts of the Property which were covered, unexposed or inaccessible at the time of the inspection and are entitled to assume that such parts are in good repair and condition and that such parts and all surfaces, air volumes, pipes, ducts, tanks and systems and their contents are free from toxic or other moulds, bacteria, fungus, vermin, parasites or other infestation, chemicals or other contamination or pollution. Christie & Co are entitled to assume that the Property is of sound design and construction and free from any inherent defect or defects. The Report does not express any opinion about or advise upon the condition of un-inspected parts nor does it in any way constitute or be construed as constituting any representation or warranty actual or implied regarding such parts.

Christie & Co provide no warranties or assurances regarding external cladding, fire compartments, or other aspects of compliance with fire safety legislation. Alternative advice on these aspects should be sought from a suitably qualified professional.

Christie & Co have not carried out any investigations to determine whether or not high alumina cement or concrete, calcium or other chloride additive or any other deleterious or potentially deleterious material or special material which is not freely available was or will be used in the construction or adaptation of the Property or has since been incorporated in the Property and for the purposes of this Report have assumed that there is no such material in an adverse condition.

Where the Property is a new building or is to be subject to repair, refurbishment, redevelopment or other building works Christie & Co are entitled to assume that all works will be carried out in

accordance with all plans and other documents and costings provided to it and that all such works will be to a good standard, meeting all relevant statutory and regulatory requirements and that all customary warranties, certificates, guarantees and approvals will be issued on completion of the works, and will be capable of assignment to future owners and occupiers of the Property.

Christie & Co have not carried out or commissioned site investigations or geographical or geophysical surveys or environmental audits or surveys or investigations of the Property or of neighbouring land and therefore this Report can give no opinion or assurance or guarantee about the nature of the ground. Christie & Co are entitled to assume that the ground has sufficient load bearing strength to support the existing constructions or any other construction that may be erected upon it in the future and that it is not landfilled ground. Christie & Co cannot give any opinion, assurance or guarantee that there are no underground mineral or other workings beneath the site or in its vicinity or that there is no fault, cause or disability underground which could or might affect the Property or any construction thereon.

Unless otherwise stated, Christie & Co have not been provided with any environmental audit or other environmental investigation or soil survey which may have been carried out on the Property and which may draw attention to any contamination or the possibility of any contamination. In undertaking the Report, Christie & Co have assumed that no contaminative or potentially contaminative uses have ever been carried out on the Property. No investigations have been carried out into past or present uses either of the Property or of any neighbouring land to establish whether there is any contamination or potential for contamination from these uses or sites and the Report therefore assumes that none exist. Should subsequent investigations reveal that contamination exists at the Property or on any neighbouring land, or that the Property has been or is being put to a contaminative use, this could reduce the value.

Christie & Co have not arranged for any services or installations to be tested and the Report does not express any opinion as to their adequacy or condition. Christie & Co value on the basis that the services and installations are in satisfactory condition and adequate for the business being undertaken at the time of inspection and in the foreseeable future and are not shared by third parties.

6. GENERAL ASSUMPTIONS

The Report has been prepared in accordance with the current edition of the RICS Valuation - Global Standards effective from 1st July 2017 (which is known as the 'Red Book') as issued by the Royal Institution of Chartered Surveyors.

Christie & Co are acting as External Valuers and unless stated to the contrary in the Report have no other current or presently foreseeable fee earning relationship concerning the Property and / or business apart from fees associated with the preparation of this Report.

Any measurements are carried out in accordance with the Code of Measuring Practice issued by the Royal Institution of Chartered Surveyors unless otherwise stated in the Report. Christie & Co's understanding of the boundaries is stated and Christie & Co is entitled to assume that such understanding shows the true extent of the Property and that there are no potential or existing boundary or other disputes or claims outstanding. Site areas are not derived from physical site surveys, are approximate unless otherwise indicated and are as advised by a third party.

Unless stated to the contrary in the Report, the valuation therein is based on the assumption that the trade furnishings, fixtures and fittings, plant and equipment (the "Trade Items") are free from hire purchase, credit sale, leasing, rental, free loan, service agreements or other third party rights. Furthermore no guarantees or warranties are given or can be implied that the Trade Items are in good working order. The valuation excludes any exceptional value beyond the current use value of Trade Items.

Unless indicated to the contrary, title deeds and / or lease documents have not been inspected and the Report assumes that the estate in the Property is as described to Christie & Co and as referred to in the Report. Christie & Co have assumed that all covenants (including leasehold covenants where relevant) stipulations and restrictions have been strictly complied with.

Unless indicated to the contrary, Christie & Co have assumed that the Property is not subject to any underlettings or other rights of occupation.

Other than as revealed by enquiries made by Christie & Co and set out in the Report, Christie & Co have assumed that the Property complies with all statutory and other requirements including (but without limitation) the requirements of the Fire Precautions Act 1971, the Food Safety Act 1990, Town and Country Planning Acts, Building Control Regulations, Licensing Acts, the Registered Homes Act, Environmental Health Act, the Care Standards Act 2000, the Control of Asbestos at Work Regulations 2002 and all other relevant legislation.

No local land charges searches or enquiries have been undertaken and Christie & Co have assumed that there are no onerous or adverse proposals affecting the Property. Furthermore, Christie & Co have assumed that neither the Property nor its construction or use is in any way unlawful and unless otherwise specified, the Report does not make any allowance for alternative use.

Christie & Co have not taken into account the value of stock in trade, motor vehicles, trade debtors or creditors, other assets or liabilities or contingent liabilities.

Christie & Co have relied upon the information supplied including (but without limitation) trading information, plans, projections, Reports on Title, licenses and permissions and have assumed that such information is correct and could be substantiated by independent audit if required.

Any future change in the trading potential or actual level of trade from that indicated by the information and assumptions made available to Christie & Co for the purposes of the valuation could cause the valuation to vary.

No allowance has been made for the cost of realising the asset value on the open market to include professional fees, possible tax liabilities and redundancy or any other compensation payments that could be incurred or for the effect of any election made, or which might be made, in connection with VAT.

The valuation does not take into account the effect of wholly unforeseen and catastrophic events upon the property market and assumes that neither the Property nor the business are subject to any abnormal terrorist risk.

Christie & Co have assumed that all and any necessary computer systems are robust, secure and compatible with current industry standards, including antivirus protection, and are able to deal with any necessary currency conversions, including the conversion of European currencies to Euros and vice versa.

Christie & Co have assumed that the Property and Trade Items are free and clear of all mortgages and / or other charges which might be secured thereon.

7. BASIS OF VALUATION

Unless otherwise stated the Report assumes that the Property constitutes, and will constitute, a single trading entity and does not, and will not, form part of a group or portfolio.

Unless stated to the contrary the valuations provided are made on the basis of Market Value (subject to Special Assumptions where appropriate) which is defined in the Red Book 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”.

8. CONFIDENTIALITY AND RELIANCE

The Report is provided for the stated purposes and for the sole and exclusive use of the Client. It should not be published or reproduced in any way and is governed by English Law and any dispute arising therefrom shall be adjudicated on only by the English Courts. This Report is prepared in good faith on the basis of any enquiries made and the information supplied to Christie & Co who reserve the right to claim qualified privilege in respect of any part of this Report should the contents be subsequently challenged and any party claim to be aggrieved at anything stated herein. 19.4.18

Appendix 3: Individual Property Reports

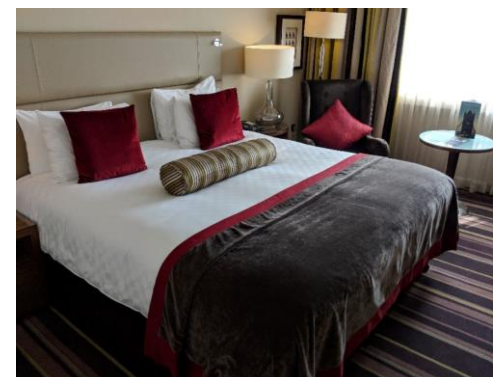
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1. Guoman The Tower

St Katherine's Way, London E1W 1LD

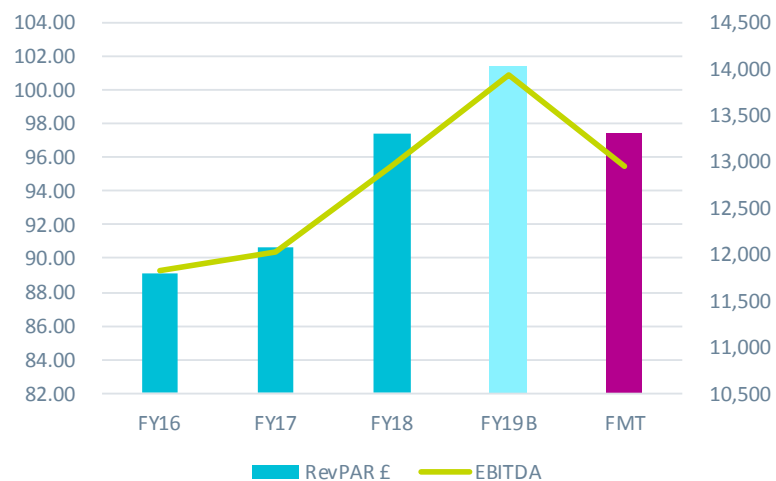
Property Details		Situation & Location	
Macro Location:	Prime	The Property is situated adjacent to Tower Bridge and the Tower of London overlooking the River Thames and St Katharine's Dock. Its easily accessible by public transport, the nearest station being Tower Hill c300m to the north. The Property is very well located for corporate travellers, being in close proximity to the City of London and within easy reach of Canary Wharf. Leisure demand benefits from being adjacent to the Tower of London and Tower Bridge, and a short walk from numerous other attractions.	
Micro Location:	Good Secondary		
Number of Rooms:	801		
Brand:	Guoman		
Grade:	Luxury		
Tenure		Description	
Tenure:	Freehold	A substantial 1970s purpose built hotel, mainly of concrete faced design in a basic crucifix form with an irregular roof line. A service road circles the Property and passes beneath it at several points. The Property has 801 guest rooms and suites, 2 formal restaurants, one of which was recently refurbished and renamed the Gallery Restaurant, two coffee shops, a bar, Guoman Lounge, 19 function/ meeting rooms and an exercise gymnasium. There is the full range of administration, kitchens, service, storage and staff areas including 20 staff bedrooms. Underground parking for up to 90 cars is available.	
Landlord:	n/a		
Tenant:	n/a		
Term Rem:	n/a		
Rent pa:	n/a		
Review:	n/a		
Underlettings and Licences		Accommodation	
Number:	5	801 en suite guest rooms Gallery Restaurant, Brasserie Restaurant and XI Bar. 19 meeting rooms with a maximum capacity of 550 in the Tower Suite Mini gymnasium, Guoman Executive Lounge, substantial back of house facilities	
Rent pa (approx.):	£66,580		
Recent Capital Expenditure		Condition	
2017	£597,147	The hotel presented in mixed condition. Internally, the Property is functional however rooms and common areas are somewhat dated having not benefitted from a substantial refurbishment for in excess of 10 years. A comprehensive refurbishment is planned shortly. Externally, the concrete cladding is at the end of its useable life, exhibiting spalling and requiring either repair or replacement in the short term.	
2018	£683,973		
2019 (F)	£4,308,000		
2020 (F)	£1,685,000		



Date of Inspection: 27 July 2018
Valuer: Alastair Hockley

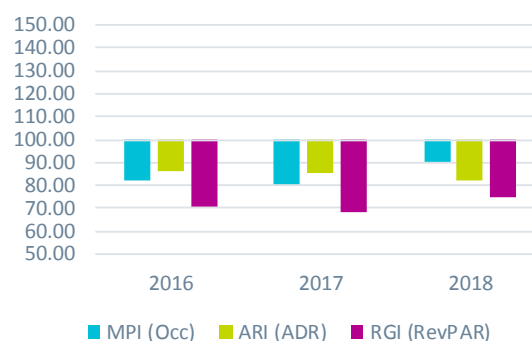
1. Guoman The Tower

Financial Details £000s					
	FY16	FY17	FY18	FY19B	FMT
OCC %	70.06	72.22	81.40	82.14	81.40
ADR £	127.21	125.61	119.70	123.46	119.70
RevPAR £	89.13	90.72	97.44	101.42	97.44
Turnover	35,028	35,950	38,917	40,712	38,917
Rooms %	74.19%	74.99%	73.00%	72.63%	73.00%
GOP	18,891	19,550	20,380	21,709	20,380
Rent	50	51	53	53	53
EBITDA	11,833	12,016	12,943	13,945	12,943
EBITDA %	33.78%	33.42%	33.26%	34.25%	33.26%



Business Commentary

Market Penetration Index



Primary STR Competitor Set

Novotel Tower Bridge, Apex City Of London, The Chamberlain Hotel, Bermondsey Square Hotel, Doubletree Tower Of London, Holiday Inn Whitechapel, Qbic City Hotel

Future Supply and Recent Openings (0.5 mile) (AM:PM)

The Dixon Autograph Collection	193	2018
Four Seasons Ten Trinity Square	110	2017
CitizenM Tower Of London	370	2016

The table above indicates the performance of the hotel relative to its competitor set where 100 is average (STR)

Valuation Rationale

Trading performance at the Property has been positive over time, with substantial increases in occupancy and turnover noted in the prior financial year. EBITDA conversion over time has been very strong at in excess of 36%, in part due to the scale of the Property and volume of room sales undertaken. Our valuation of the freehold interest includes a deduction for imminent defensive capital expenditure in relation to required facade repairs. We adopt FY18 trading performance as our anticipated FMT (after 3% FF&E allowance). A wider programme of refurbishment is anticipated in the medium term (no allowance for this in the valuation).

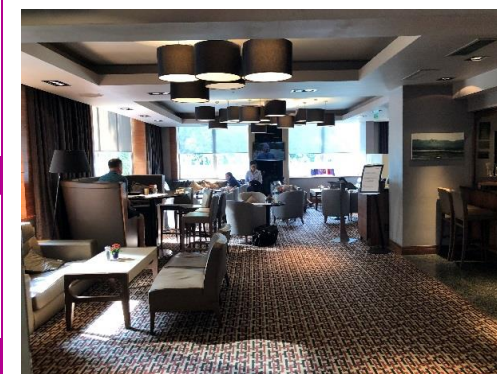
Valuation £000s

Fair Maintainable Operating Profit	£	12,943
YP Multiple		20.0 x
Market Value	£	255,000
Value per Key	£	318

2. Thistle Kensington Gardens

Bayswater Road, London W2 3HL

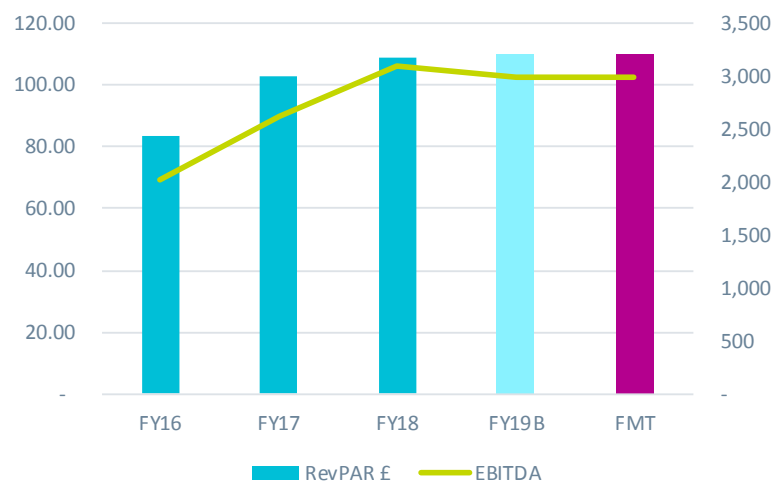
Property Details		Situation & Location	
Macro Location:	Prime	The Property stands on the eastbound side of Bayswater Road, which runs along the northern boundary of Hyde Park and Kensington Gardens, approximately one mile west of Marble Arch. Its easily accessible by public transport being located between Queensway and Lancaster Gate underground stations and on a good bus route into central London. The area is particularly well located for leisure travellers, being in close proximity to the West End of London.	
Micro Location:	Good Secondary		
Number of Rooms:	175		
Brand:	Thistle		
Grade:	Upscale		
Tenure		Description	
Tenure:	Freehold	The hotel comprises a purpose built 10 storey hotel of concrete box construction dating from the 1960s. The main ground floor frontage to Bayswater Road is occupied by a petrol forecourt. The Property has a limited ground floor comprising a lift lobby, the remainder of the accommodation is on the upper floors and comprises 175 guest rooms, restaurant, bar and 3 function/meeting rooms. There is the full range of administration, kitchens, service, storage and staff areas. Externally at the rear of the Property is barrier controlled parking on ground and basement levels for up to 50 cars. The Property completed a major refurbishment in September 2012.	
Landlord:	n/a		
Tenant:	n/a		
Term Rem:	n/a		
Rent pa:	n/a		
Review:	n/a		
Underlettings and Licences		Accommodation	
Number:	4	175 en suite guest rooms First floor restaurant, bar and three meeting rooms Three meeting rooms with maximum single capacity of 140 delegates	
Rent pa (approx.):	£25,000		
Recent Capital Expenditure		Condition	
2017	£100,991	The hotel presented in mixed condition. Internally, the Property is still showing the benefit of the refurbishment in 2012 but repair is required to a significant number of air handling units for air conditioning. Externally there are signs that the elevation may need investigation to ensure the concrete frame is still sound (which our valuation assumes it is).	
2018	£54,894		
2019 (F)	£357,000		
2020 (F)	£0		



Date of Inspection: 26 July 2018
Valuer: Tom Holt-Wilson

2. Thistle Kensington Gardens

Financial Details £000s					
	FY16	FY17	FY18	FY19B	FMT
OCC%	77.12	87.25	83.96	85.85	85.85
ADR £	108.25	117.60	129.75	127.92	127.92
RevPAR £	83.49	102.61	108.94	109.83	109.83
Turnover	6,265	7,611	7,964	8,163	8,163
Rooms %	84.89%	87.53%	87.14%	85.70%	85.70%
GOP	3,129	3,923	4,511	4,476	4,476
Rent	-	-	-	-	-
EBITDA	2,024	2,620	3,092	2,983	2,983
EBITDA %	32.31%	34.42%	38.82%	36.54%	36.54%



Business Commentary	
Market Penetration Index	Primary STR Competitor Set
	DoubleTree Hyde Park, Best Western Hyde Park, Berjaya Eden Park, Thistle Hyde Park, Hilton Hyde Park, Royal Lancaster, Corus Hyde Park, Park Grand Paddington, Mercure Paddington, Hilton Paddington, The Caesar, Park Grand Hyde Park, Hotel Indigo Paddington, The Chilworth Paddington, Grand Royale Hyde Park, Park Grand Paddington
	Future Supply and Recent Openings (0.5 mile) (AM:PM)
	No new supply of competitive relevance

The table above indicates the performance of the hotel relative to its competitor set where 100 is average (STR)

Valuation Rationale

The petrol forecourt and retail unit is under let to Shell UK Ltd from 7 July 1961 to 28 December 2058 at a fixed rent of £5,000 per annum. Our valuation is of the freehold hotel which is showing growth in turnover (strongly influenced by room revenue) over the last few years. Profitability is under threat in the budget, which we have adopted as our assessment of fair maintainable trade. Comparable prices per room for good secondary locations in Central London are between £300,000 and £500,000 per room. Our valuation includes a deduction for imminent defensive capital expenditure.

Valuation £000s

Fair Maintainable Operating Profit	£	2,983
YP Multiple		18.0 x
Market Value	£	53,000
Value per Key	£	303

3. Amba Hotel Marble Arch

Bryanston Street, Marble Arch, London W1H 7EH

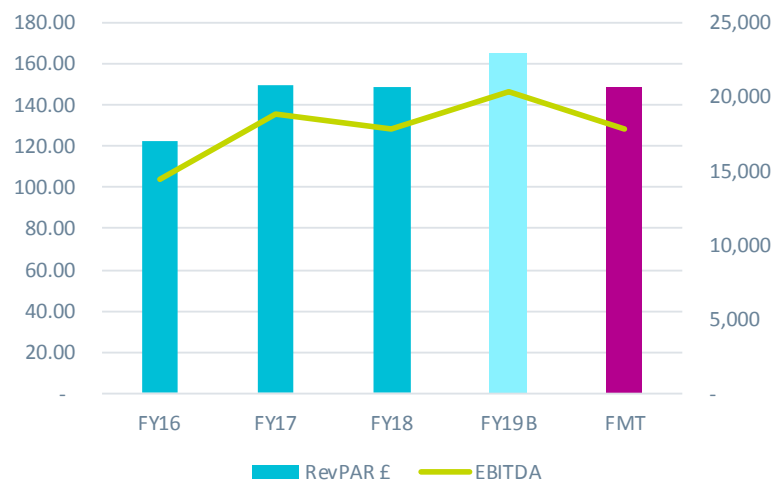
Property Details		Situation & Location	
Macro Location:	Prime	<p>The Property is located at the western end of Oxford Street, one of London's prime shopping areas. It occupies an island site bounded by Oxford Street, Portman Street, Bryanston Street and Old Quebec Street. The Property is readily accessible located a short walk north of Marble Arch station (central line) and close to the A5 and A4202 leading north and south retrospectively. It is in a strategic location for both corporate and leisure travellers.</p>	
Micro Location:	Prime		
Number of Rooms:	692		
Brand:	Amba		
Grade:	Upscale		
Tenure		Description	
Tenure:	Long Leasehold	<p>The Property occupies a substantial corner pitch and comprises a 1930's solid brick-built property, originally built for serviced apartment use arranged over basement, ground and seven upper floors. Reception is located on the first floor, accessed via escalators, stairs or lift from the ground floor. Its 692 en suite guest rooms are arranged over first to seventh floors. Facilities include 'The Grill' restaurant which is open throughout the day and leads onto the The Bar, The Deli, coffee shop, thirteen well decorated and equipped meeting rooms and a gymnasium. There is a full range of administration, kitchens, service, storage and employee areas.</p>	
Landlord:	Portman Estate Nom. (One) Ltd		
Tenant:	GLH Hotels Limited		
Term Rem:	92 years		
Rent pa:	£168,850		
Review:	Complex. Upwards only OMV		
Underlettings and Licences		Accommodation	
Number:	4	<p>692 en suite guest rooms Grill Restaurant, The Bar, The Deli, Coffee Shop 13 meeting rooms with a maximum capacity of 500 (theatre style) Mini gymnasium, Business Lounge, substantial back of house facilities</p>	
Rent pa (approx.):	£382,350		
Recent Capital Expenditure		Condition	
2017	£254,163	<p>The Property is in excellent condition having undergone in recent years to AMBA brand standards creating homogeneity throughout the hotel. Externally, the Property appeared in good condition and repair.</p>	
2018	£417,581		
2019 (F)	£1,207,000		
2020 (F)	£142,000		



Date of Inspection: 30 July 2018
Valuer: G Rozwadowska

3. Amba Hotel Marble Arch

Financial Details £000s					
	FY16	FY17	FY18	FY19B	FMT
OCC %	72.15	80.81	79.64	83.50	79.64
ADR £	169.77	184.71	186.28	197.33	186.28
RevPAR £	122.49	149.26	148.35	164.77	148.35
Turnover	36,838	44,630	43,066	48,711	43,066
Rooms %	83.76%	85.86%	86.77%	85.21%	86.77%
GOP	21,392	26,939	25,627	28,882	25,627
Rent	172	172	227	169	227
EBITDA	14,409	18,822	17,814	20,400	17,814
EBITDA %	39.12%	42.17%	41.36%	41.88%	41.36%



Business Commentary	
Market Penetration Index	Primary STR Competitor Set
	Radisson Blu Berkshire, Radisson Blu Portman, Radisson Blu Sussex, Marriott Grosvenor Square, Marriott Marble Arch, Millennium Mayfair, Hyatt The Churchill, Double Tree Marble Arch, Montcalm Marble Arch, Holiday Inn Oxford Circus, Hilton Metropole, The Cumberland, Royal Lancaster, Doyle Collection Marylebone, The Mandeville, Marriott PL
	Future Supply and Recent Openings (0.5 mile) (AM:PM)
	Marylebone Lane Hotel 206 -

The table above indicates the performance of the hotel relative to its competitor set where 100 is average (STR)

Valuation Rationale

There are four underlettings at the Property at a combined annual rent of £382,350 per annum. Our valuation is of the leasehold hotel which is showing a generally stable turnover with good occupancy and ADR over the last few years. Profitability has remained strong at over 44% conversion in 2018, which we have adopted as our assessment of fair maintainable trade after FF&E deduction. Comparable prices per room for good prime locations in Central London are between £300,000 and £575,000 per room. Our valuation includes a deduction for imminent defensive capital expenditure.

Valuation £000s

Fair Maintainable Operating Profit	£	17,814
YP Multiple		17.5 x
Market Value	£	311,000
Value per Key	£	449

4. The Grosvenor – a Guoman Hotel

Buckingham Palace Road, London SW1W 0SJ

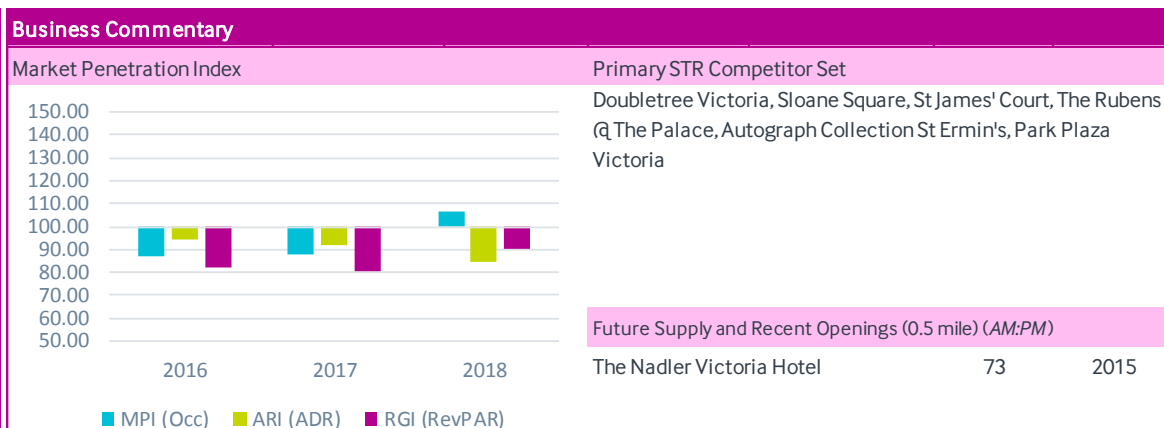
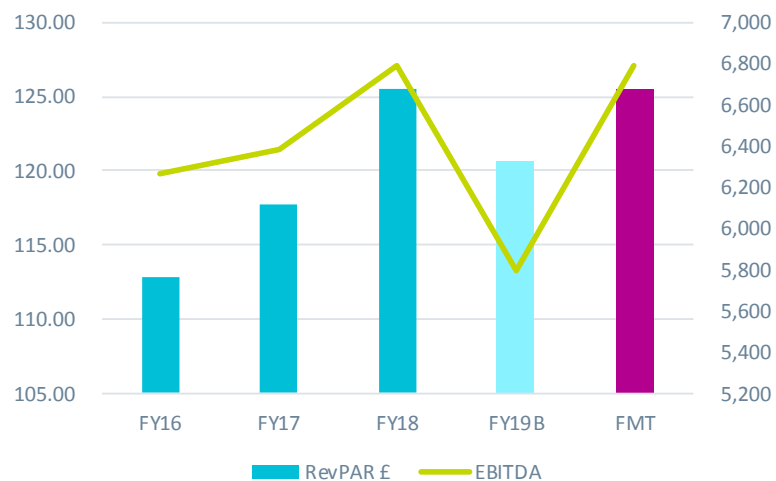
Property Details		Situation & Location	
Macro Location:	Prime	The Property is located above and adjacent to Victoria station, with a secondary rear access directly from the station. Primary access is via Buckingham Palace Road. The Property is strategically located due to its proximity to Victoria station and other areas of interest including The Apollo Victoria Theatre and Victoria Palace Theatres (0.1 miles), Westminster Cathedral (0.3miles) and Buckingham Palace (0.4 miles). There are various competitors within close proximity due to the location. Corporate demand is driven by a resurgence in office development around Victoria.	
Micro Location:	Prime		
Number of Rooms:	345		
Brand:	Guoman		
Grade:	Luxury		
Tenure		Description	
Tenure:	Long Leasehold	The Property comprise a purpose built, Grade II listed hotel originally constructed in 1862, with further extension over the front of the station at the turn of the twentieth century. It is arranged over basement, ground and six upper floors and comprises masonry brick construction under a partially flat, partially half hip roof with dormer windows. There is no parking available on site. The hotel comprises 345 en suite guest rooms and suites, two restaurants, a bar, lounge, Guoman Lounge, nine meeting rooms and a gymnasium. There is the full range of administration, kitchens, service, storage and staff areas.	
Landlord:	Hammerson (Victoria Invst) Ltd		
Tenant:	The Grosvenor Hotel Victoria Limited		
Term Rem:	90 years		
Rent pa:	Peppercorn		
Review:	n/a		
Underlettings and Licences		Accommodation	
Number:	3	345 en suite guest rooms Grosvenor Restaurant, Reunion Cocktail Bar and The Lounge at the Grosvenor 9 meeting rooms with a maximum capacity of 100 (theatre style) Mini gymnasium, Guoman Executive Lounge, substantial back of house facilities	
Rent pa (approx.):	£99,751		
Recent Capital Expenditure		Condition	
2017	£97,731	The Property appeared well presented on inspection and is maintained on an rolling basis as required. We are advised the hotel is shortly to undergo a comprehensive refurbishment programme throughout public areas and to reconfigure rooms to provide a greater number of higher graded rooms to suit demand and refresh the F&B offering.	
2018	£453,571		
2019 (F)	£1,069,000		
2020 (F)	£94,000		



Date of Inspection: 30 July 2018
Valuer: G Rozwadowska

4. The Grosvenor – a Guoman Hotel

Financial Details £000s					
	FY16	FY17	FY18	FY19B	FMT
OCC %	73.68	74.58	84.64	72.44	84.64
ADR £	153.10	157.82	148.35	166.57	148.35
RevPAR £	112.80	117.69	125.57	120.67	125.57
Turnover	17,609	18,538	19,304	18,949	19,304
Rooms %	80.45%	81.26%	81.69%	79.97%	81.69%
GOP	9,468	9,781	10,370	9,419	10,370
Rent	-	-	-	-	-
EBITDA	6,268	6,380	6,788	5,794	6,788
EBITDA %	35.60%	34.42%	35.16%	30.58%	35.16%



The table above indicates the performance of the hotel relative to its competitor set where 100 is average (STR)

Valuation Rationale

There are three underlettings at the Property at a combined annual rent of £99,751 per annum. Our valuation is of the leasehold hotel which is showing steadily increasing turnover (driven by strong occupancy performance) over the last few years. Profitability has remained strong at over 38% conversion in 2018 after FF&E reserve deduction, which we have adopted as our assessment of fair maintainable trade. Comparable prices per room for good prime locations in Central London are between £300,000 and £575,000 per room. Our valuation includes a deduction for imminent defensive capital expenditure.

Valuation £000s

Fair Maintainable Operating Profit	£	6,788
YP Multiple		17.5 x
Market Value	£	118,000
Value per Key	£	342

5. Royal Horseguards and One Whitehall Place

Whitehall Court, London SW1A 2EJ

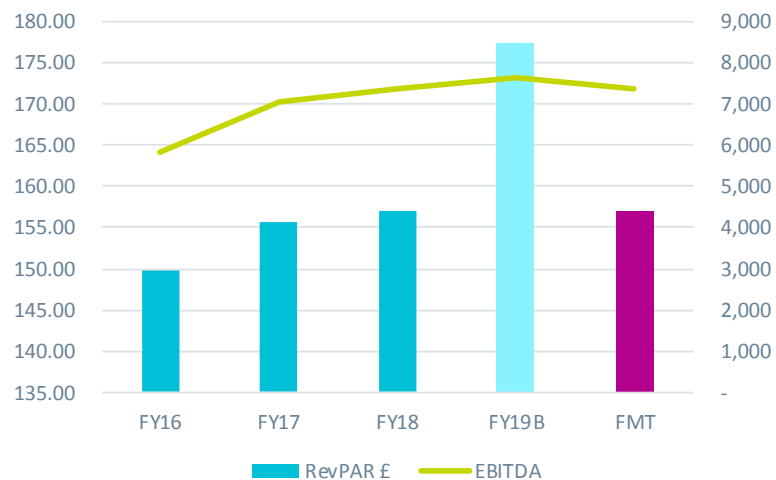
Property Details		Situation & Location	
Macro Location:	Prime	The Property occupies a scenic position on the Embankment of the River Thames opposite the London Eye, to the rear of the Whitehall Gardens and within the Division Bell of the House of Commons. Embankment tube station is located 0.2 miles to the east and the Hungerford and Royal Jubilee Bridge which provides pedestrian access over the Thames is 0.1 miles to the east. The Property is well located for both leisure and corporate guests with The Playhouse Theatre 0.1 miles north and Trafalgar Square just 0.4 miles to the north east.	
Micro Location:	Prime		
Number of Rooms:	282		
Brand:	Guoman		
Grade:	Luxury		
Tenure		Description	
Tenure:	Long Leasehold	The Property is formed of several Grade II* listed buildings with stone facades dating from the late 1880's and combined into one entity in 1989, albeit retaining two separate entrances. Internally and externally the Property features French renaissance detailing comprising gabled pavilions and dormered mansard and gabled dormer windows to the exterior and similarly, the interiors are lavishly decorated and furnished with features including oval sweep through staircases and marble. Hotel accommodation comprises 282 en suite guest rooms and suites, restaurant, lounge, bar, outdoor terrace, seven function rooms and a gymnasium.	
Landlord:	The Crown Estate		
Tenant:	GLH RHG Limited		
Term Rem:	74 years		
Rent pa:	£400,000		
Review:	7.75% of OMV, 5 yearly		
Underlettings and Licences		Accommodation	
Number:	1	282 en suite guest rooms One Twenty One Two Restaurant, Secret Herb Garden, Lounge, Outdoor Terrace 7 meeting rooms with a maximum capacity of 300 (theatre style) Mini gymnasium, back of house facilities	
Rent pa (approx.):	£3,000		
Recent Capital Expenditure		Condition	
2017	£172,398	The Property appeared in good condition both internally and externally with ad-hoc works carried out by the onsite maintenance team as and when required to upkeep quality. There has been modest investment over the past three years and we envisage the Property requiring a light refresh within the medium term, which is also identified within the budgeted capital expenditure for 2020.	
2018	£269,355		
2019 (F)	£1,257,000		
2020 (F)	£909,000		



Date of Inspection: 27 July 2018
Valuer: G Rozwadowska

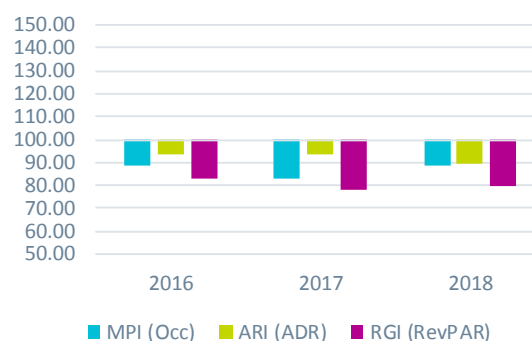
5. Royal Horseguards and One Whitehall Place

Financial Details £000s					
	FY16	FY17	FY18	FY19B	FMT
OCC %	72.83	70.14	72.25	78.11	72.25
ADR £	205.68	222.07	217.41	227.01	217.41
RevPAR £	149.80	155.77	157.08	177.32	157.08
Turnover	22,515	22,543	22,634	25,568	22,634
Rooms %	68.29%	72.29%	71.23%	71.19%	71.23%
GOP	10,061	11,133	11,428	12,459	11,428
Rent	400	6	-	400	-
EBITDA	5,826	7,038	7,385	7,631	7,385
EBITDA %	25.88%	31.22%	32.63%	29.85%	32.63%



Business Commentary

Market Penetration Index



Primary STR Competitor Set

Radisson Blu Hampshire, Hilton The Waldorf, Amba Charing Cross, Marriott County Hall, Strand Palace, The Savoy, One Aldwych, St Martin's Lane, The Trafalgar St James, Sofitel St James, Park Plaza County Hall, W Hotel Leicester Square, Corinthia, ME London

Future Supply and Recent Openings (0.5 mile) (AM:PM)

Raffles	125	2021
Unbound Great Scotland Yard	153	2019

The table above indicates the performance of the hotel relative to its competitor set where 100 is average (STR)

Valuation Rationale

There is an underletting at the hotel to the Liberal Club at £3,000 per annum and a package of discounted rooms. Our valuation is of the leasehold hotel which is showing a robust, stable turnover with growing RevPAR over the last few years. Profitability has remained strong at over 35% conversion in 2018, which we have adopted as our assessment of fair maintainable trade after an allowance for FF&E renewal. Comparable prices per room for good prime locations in Central London are between £300,000 and £575,000 per room. Our valuation includes a deduction for imminent defensive capital expenditure.

Valuation £000s

Fair Maintainable Operating Profit	£	7,385
YP Multiple		19.0 x
Market Value	£	140,000
Value per Key	£	496

6. Thistle Heathrow

Bath Road, Longford, West Drayton UB7 0EQ

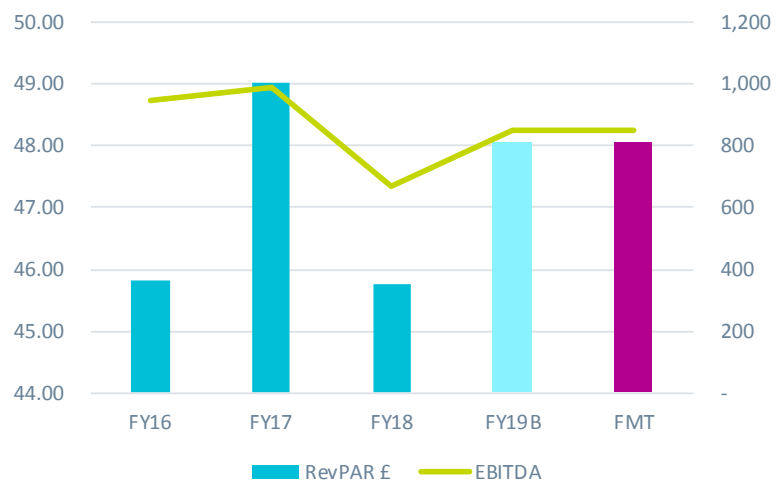
Property Details		Situation & Location	
Macro Location:	Prime	<p>The Property is located just off the A4, the Bath Road, a main arterial road forming the northern boundary of Heathrow, the UK's busiest airport. It is sited at the north west corner of the airport complex, approximately one mile from terminals 2 and 3, three miles from Terminal 5 and four miles from Terminal 4. A self-driving LHR POD transport system is available for guest's personal transportation directly into Terminal 5 from the directly adjacent Business Parking site.</p>	
Micro Location:	Good Secondary		
Number of Rooms:	266		
Brand:	Thistle		
Grade:	Upscale		
Tenure		Description	
Tenure:	Long Leasehold	<p>The Property occupies a site of 8.8 acres (3.58 hectares) and is formed by a series of low rise, two storey brick built blocks under flat roofs, dating from the late 1950s which all interlink and are arranged in an irregular 'H' shape. The accommodation has been reduced to 266 guest rooms, from 314, by the conversion of one block to offices for the use of the Company. Guest rooms are a compact c. 15 sqm. There is the full range of administration, kitchens, service, storage and staff areas including 14 staff bedrooms. Externally there is barrier controlled parking for up to 500 cars and an area is under let to a car hire company.</p>	
Landlord:	Pickering Developments Ltd		
Tenant:	Heathrow Hotel (London) Limited		
Term Rem:	150 years		
Rent pa:	£1,450,763		
Review:	Complex. Upwards only OMV		
Underlettings and Licences		Accommodation	
Number:	1	<p>266 En Suite Guest Rooms Restaurant (150) and Bar (50) with terrace and views of the runway; Café/lounge (54) 25 function and meeting rooms with maximum single capacity for 700 delegates No leisure facilities. Car Parking for 500 cars</p>	
Rent pa (approx.):	£425,000		
Recent Capital Expenditure		Condition	
2017	£406,721	<p>The hotel presented in average condition internally and in poor condition externally. Internally decoration is dated and some aluminium framed windows have lost their seal. Externally the Property is dated but also presents a poor first impression on account of its poor upkeep.</p>	
2018	£110,435		
2019 (F)	£2,937,000		
2020 (F)	£466,000		



Date of Inspection: 19 July 2018
Valuer: Tom Holt-Wilson

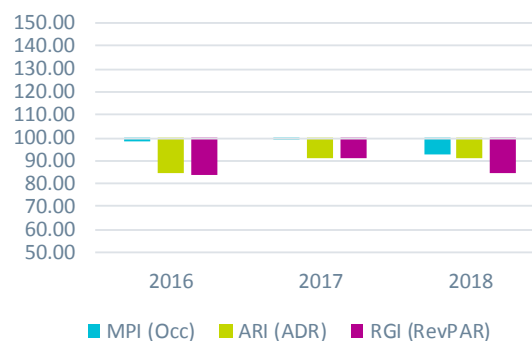
6. Thistle Heathrow

Financial Details £000s					
	FY16	FY17	FY18	FY19B	FMT
OCC%	82.65	81.65	76.68	81.46	81.46
ADR £	55.45	60.04	59.67	58.97	58.97
RevPAR £	45.83	49.02	45.76	48.04	48.04
Turnover	7,519	7,876	7,368	8,109	8,109
Rooms %	59.01%	61.42%	60.13%	57.36%	57.36%
GOP	2,960	3,097	2,670	2,895	2,895
Rent	1,132	1,185	1,161	1,161	1,161
EBITDA	946	990	669	847	847
EBITDA %	12.58%	12.57%	9.07%	10.45%	10.45%



Business Commentary

Market Penetration Index



Primary STR Competitor Set

HIX LHR T5, Rad Blu Edwardian LHR, Crowne Plaza LHR, Sheraton LHR, Sheraton Skyline LHR, Novotel LHR M4 Jct 4, Ibis LHR, Park Inn LHR, Marriott London LHR, Mercure LHR, Holiday Inn LHR M4 Junction 4, Holiday Inn LHR Ariel, Premier Inn LHR Bath Road, Hyatt Place LHR, Hilton LHR T5, Premier Inn LHR T5

Future Supply and Recent Openings (3 mile) (AM:PM)

Staybridge Suites Heathrow	190	2019
Holiday Inn London Heathrow	433	2019
Premier Inn LHR T5	400	2012

The table above indicates the performance of the hotel relative to its competitor set where 100 is average (STR)

Valuation Rationale

Demand for the hotel is predominantly influenced by airport performance. Heathrow experienced its busiest-ever first six months in 2018, with passenger numbers up 2.5% compared to last year. In June 2018 the UK parliament backed plans to build a third runway at the London airport which still have to go through planning. A current proposal is to build the runway next to the current Northern runway which may see this hotel be the subject of a compulsory purchase order. Our valuation includes a deduction for imminent defensive capital expenditure.

Valuation £000s

Fair Maintainable Operating Profit	£	847
YP Multiple		10.0 x
Market Value	£	6,000
Value per Key	£	23

7. Amba Hotel Charing Cross

Strand, London WC2N 5HX

Property Details	
Macro Location:	Prime
Micro Location:	Prime
Number of Rooms:	239
Brand:	Amba
Grade:	Upscale

Tenure	
Tenure:	Long Leasehold
Landlord:	Network Rail Infrastructure Ltd
Tenant:	GLH Hotels Limited
Term Rem:	93 years
Rent pa:	£0
Review:	n/a

Underlettings and Licences	
Number:	4
Rent pa (approx.):	£355,000

Recent Capital Expenditure	
2017	£100,211
2018	£169,438
2019 (F)	£1,578,000
2020 (F)	£1,721,000

Situation & Location	
<p>The Property is situated on the Strand, standing over the front entrance to Charing Cross railway station, 0.2 miles west of Trafalgar Square and 0.3 miles south west of Covent Garden. There is excellent accessibility to the hotel with proximity to Charing Cross station and Embankment tube station (0.1 miles south east). The Strand also provides direct access to the Mall, A440 and Waterloo Bridge. Charing Cross is often referenced as the 'centre' of London and hence we consider this an excellent location for both leisure and corporate demand.</p>	

Description	
<p>A landmark Grade II listed 1865 railway hotel located adjacent to Charing Cross Underground station. It is arranged over three basement floors, ground and seven upper floors. The hotel has 239 en suite guest rooms arranged over the main hotel and the Buckingham Wing. The Terrace Restaurant overlooks the Strand and has a Terrace Bar. There is an AMBA Lounge for guests staying in executive grade plus. Further facilities include ten meeting rooms and onsite gymnasium. There are nine student apartments on the seventh floor which are occupied by hospitality students who work at the hotel as part of their remuneration package.</p>	

Accommodation	
239 en suite guest rooms	
Terrace Restaurant, Terrace Bar, AMBA Lounge, Business Lounge	
10 meeting rooms with a maximum capacity of 170 (theatre style)	
Mini gymnasium, substantial back of house facilities	

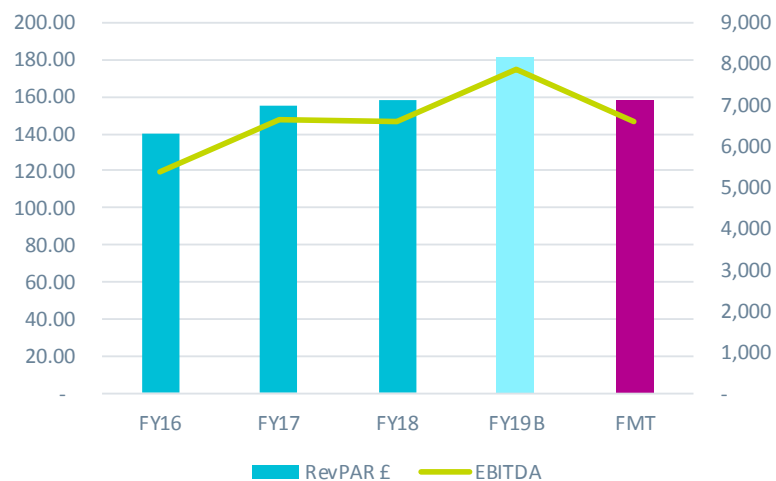
Condition	
<p>The Property appeared in good condition through public areas and accommodation, with the brand standard evident throughout having undergone capital expenditure over the past three years. We were further advised that there is an onsite maintenance team who carry out ad-hoc works as and when required to maintain standards. Externally, the Property is in good condition and repair.</p>	



Date of Inspection: 27 July 2018
 Valuer: G Rozwadowska

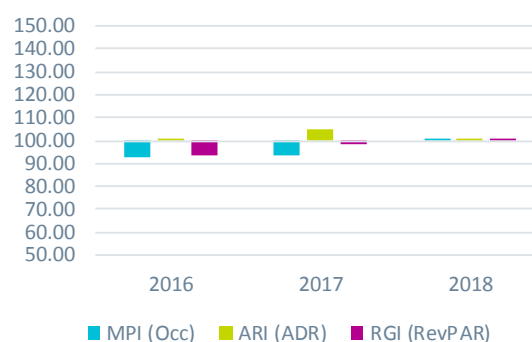
7. Amba Hotel Charing Cross

Financial Details £000s					
	FY16	FY17	FY18	FY19B	FMT
OCC%	79.13	79.21	83.94	86.16	83.94
ADR £	176.90	195.67	188.72	210.19	188.72
RevPAR £	139.97	155.00	158.41	181.09	158.41
Turnover	16,416	17,977	18,133	20,886	18,133
Rooms %	74.18%	76.45%	76.00%	75.43%	76.00%
GOP	8,276	9,686	9,804	11,431	9,804
Rent	-	-	-	-	-
EBITDA	5,368	6,634	6,588	7,843	6,588
EBITDA %	32.70%	36.90%	36.33%	37.55%	36.33%



Business Commentary

Market Penetration Index



Primary STR Competitor Set

Radisson Blu Hampshire Hotel, Radisson Blu Edwardian, Le Meridien Piccadilly, Hilton The Waldorf, Thistle Royal Trafalgar, The Royal Horseguards, Thistle Piccadilly, Strand Palace, The Trafalgar St James, Citadines Trafalgar Square, ME London

Future Supply and Recent Openings (0.5 mile) (AM:PM)

St Martin's Place	136	2019
Great Newport Street	66	-
Hotel Indigo	95	2018
MGallery by Sofitel	86	2017

The table above indicates the performance of the hotel relative to its competitor set where 100 is average (STR)

Valuation Rationale

There are four underlettings at the Property at a combined annual rent of £355,000 per annum. Our valuation is of the leasehold hotel which is showing turnover steadily increasing due to rising occupancy and decreasing ADR over the last few years to yield RevPAR. Profitability has remained strong just shy of 40% conversion in 2018, which we have adopted as our assessment of fair maintainable trade after FF&E allowance. Comparable prices per room for good prime locations in Central London are between £300,000 and £575,000 per room. Our valuation includes a deduction for imminent defensive capital expenditure.

Valuation £000s

Fair Maintainable Operating Profit	£	6,588
YP Multiple		17.0 x
Market Value	£	110,000
Value per Key	£	460

8. The Cumberland – a Guoman Hotel

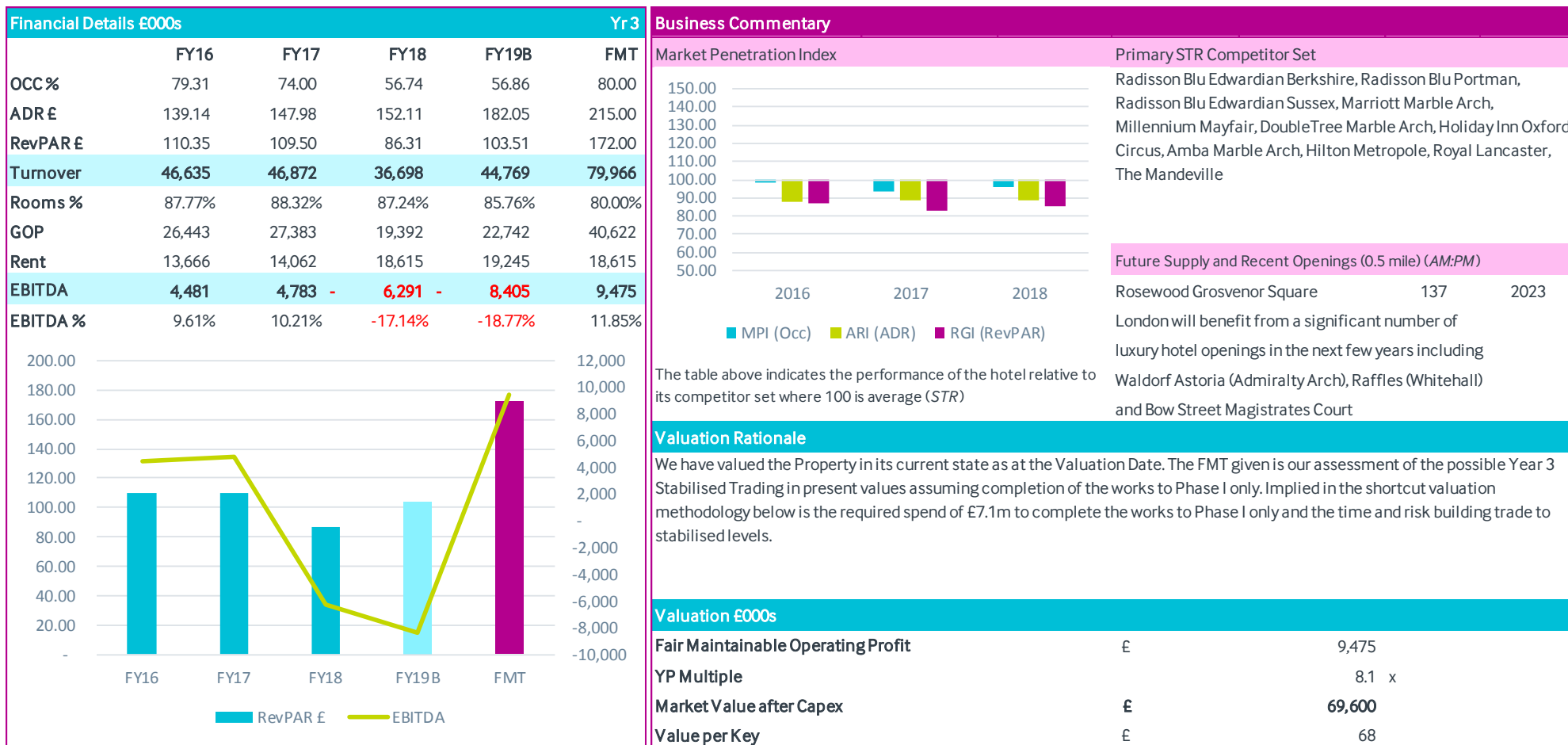
Marble Arch, London W1A 4RF

Property Details		Situation & Location	
Macro Location:	Prime	The Property occupies a prominent location at the western end of Oxford Street, overlooking Marble Arch and Hyde Park. The Property fronts to Oxford Street, one of London's West End premier shopping thoroughfares, and sits astride Marble Arch underground station. The main building is an island site (with ground floor third party retail units excluded) and there is an underground link to neighbouring Great Cumberland Place (GCP). The Property is very well located for leisure travellers, being in close proximity to Oxford Street and London's West End.	
Micro Location:	Prime		
Number of Rooms:	1019		
Brand:	Guoman		
Grade:	Luxury		
Tenure		Description	
Tenure:	Short Leasehold	The Property was built in 1933 and is a substantial steel framed building with Portman stone cladding. The main entrance is from Cumberland Place and to the rear is independent access to 20 GCP. The Property is currently undergoing a substantial refurbishment, with the majority of the ground floor and two whole bedroom floors closed. The Property will reopen under the Hard Rock Brand in mid-March 2019 following a 30-40 day closure period. Following Phase I works, there are Phase II plans to refurbish the meeting and event space, ground floor GCP and 119 bedrooms of GCP (reducing these in number to 98). Our valuation assumes Phase I only.	
Landlord:	Pike Trustee No 1 Ltd (L&R)		
Tenant:	£0		
Term Rem:	13 + 58 years		
Rent pa:	£19,450,152		
Review:	£0		
Underlettings and Licences		Proposed Accommodation (Phase I completed)	
Number:	n/a	1019 en suite guest rooms, majority Hard Rock branded Hard Rock Café (270), Retail, Cocktail Bar (40), Lobby Bar (60 Covers) Basement level meeting and event space and gymnasium (unrefurbished)	
Rent pa (approx.):	n/a		
Recent Capital Expenditure		Condition	
2017	£2,874,801	The standard of the refurbished guest rooms (see right) and the standard proposed for the ground floor is commensurate with a luxury hotel. Regarding the capital expenditure there has been precisely £39.3m spent and committed at the Valuation Date toward a total forecast of £46.4m for Phase I Hard Rock Hotel refurbishment and re-branding.	
2018	£18,350,219		
2019 (F)	£35,467,000		
2020 (F)	£10,467,000		



Date of Inspection: 26 July 2018
Valuer: Tom Holt-Wilson

8. The Cumberland – a Guoman Hotel



9. Thistle City Barbican

120 Central Street, London EC1V 8DS

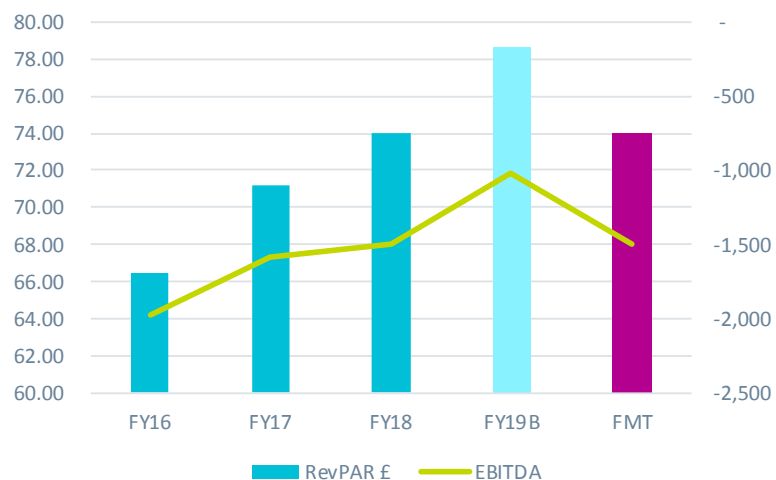
Property Details		Situation & Location	
Macro Location:	Prime	<p>The Property occupies an island site bounded by Central Street, Hull Street, Lever Street and Dingle Road approximately one mile to the north of the City of London and just to the east of Shoreditch. It is easily accessible by public transport, the nearest station being Old Street c500m to the east. The Property is very well located for corporate travellers, being in close proximity to the City of London and within easy reach of Canary Wharf. Leisure demand benefits from being close to the districts of Shoreditch & Islington and a short walk from numerous other attractions.</p>	
Micro Location:	Good Secondary		
Number of Rooms:	463		
Brand:	Thistle		
Grade:	Upscale		
Tenure		Description	
Tenure:	Short Leasehold	<p>The main access is by a central private road splitting the Property into two sections: the rear building was formerly a tobacco warehouse dating from the nineteenth century converted to hotel use around the late 1960s, at the same time that the front building was developed. The accommodation comprises 463 en suite guest rooms and suites, restaurant, bar, separate sports bar, 7 function/meeting rooms, health and fitness club with gymnasium and indoor pool and a business centre. There is the full range of administration, kitchens, service, storage and staff areas including 7 twin staff bedrooms. On the central private road there is parking for 16 cars.</p>	
Landlord:	Topland Delta Limited		
Tenant:	Barbican Hotel (London) Ltd		
Term Rem:	17 + 30 years		
Rent pa:	£6,557,357		
Review:	Rent fixed at £6.69m from Mar '19		
Underlettings and Licences		Accommodation	
Number:	2	<p>463 en suite guest rooms Restaurant (120 covers) Bar and Sports Bar 7 meeting rooms. Leisure club with gym and indoor pool Substantial back of house facilities. GF of part being converted to GLH head office</p>	
Rent pa (approx.):	£0		
Recent Capital Expenditure		Condition	
2017	£373,895	<p>The hotel presented in mixed condition. Internally, the Property is functional however many of the rooms and common areas are somewhat dated and tired having not benefitted from a substantial refurbishment for in excess of 10 years. There is variability within the bedroom stock within the two buildings. Works are ongoing to make structural improvements to the basement.</p>	
2018	£322,331		
2019 (F)	£550,000		
2020 (F)	£466,667		



Date of Inspection: 20 July 2018
Valuer: Alastair Hockley

9. Thistle City Barbican

Financial Details £000s					
	FY16	FY17	FY18	FY19B	FMT
OCC%	67.92	71.98	75.84	77.00	75.84
ADR £	97.87	98.88	97.53	102.10	97.53
RevPAR £	66.47	71.17	73.97	78.62	73.97
Turnover	14,075	14,964	15,358	16,310	15,358
Rooms %	79.59%	81.70%	81.17%	81.23%	81.17%
GOP	7,016	7,687	7,503	8,371	7,503
Rent	6,254	6,386	6,254	6,254	6,254
EBITDA	- 1,979	- 1,588	- 1,496	- 1,014	- 1,496
EBITDA %	-14.06%	-10.61%	-9.74%	-16.53%	-9.74%



Business Commentary		
Market Penetration Index	Primary STR Competitor Set	
	Crowne Plaza Kings Cross, Travelodge Farringdon, DoubleTree Islington, Hilton Angel Islington, Holiday Inn Express City, Citadines Barbican, Citadines St Mark's Islington, easyHotel Barbican, Premier Inn City	
	Future Supply and Recent Openings (0.5 mile) (AM:PM)	
	Hampton Old Street	111 2020
	NH OW	190 2019
	M by Montcalm Shoreditch	288 2015

The table above indicates the performance of the hotel relative to its competitor set where 100 is average (STR)

Valuation Rationale

The Property's top line trading performance has been positive year on year, with good increases in RevPAR and turnover noted. However, we consider the Property to be substantially over-rented, with negative EBITDA level achieved over the reported period. The fixing of the rent in March 2019 may allow the Property to make a profit in future, however at this point we consider the leasehold interest has nil value.

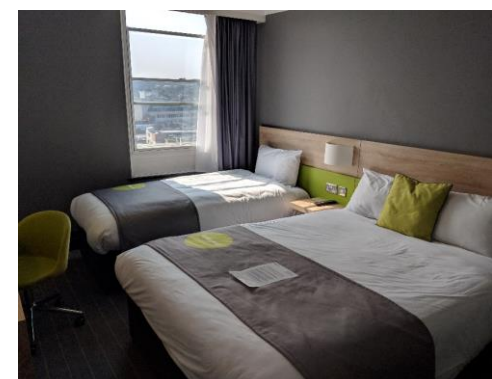
Valuation £000s

Fair Maintainable Operating Profit	-£	1,496
YP Multiple		- x
Market Value	£	-
Value per Key	£	-

10. Thistle Express Luton

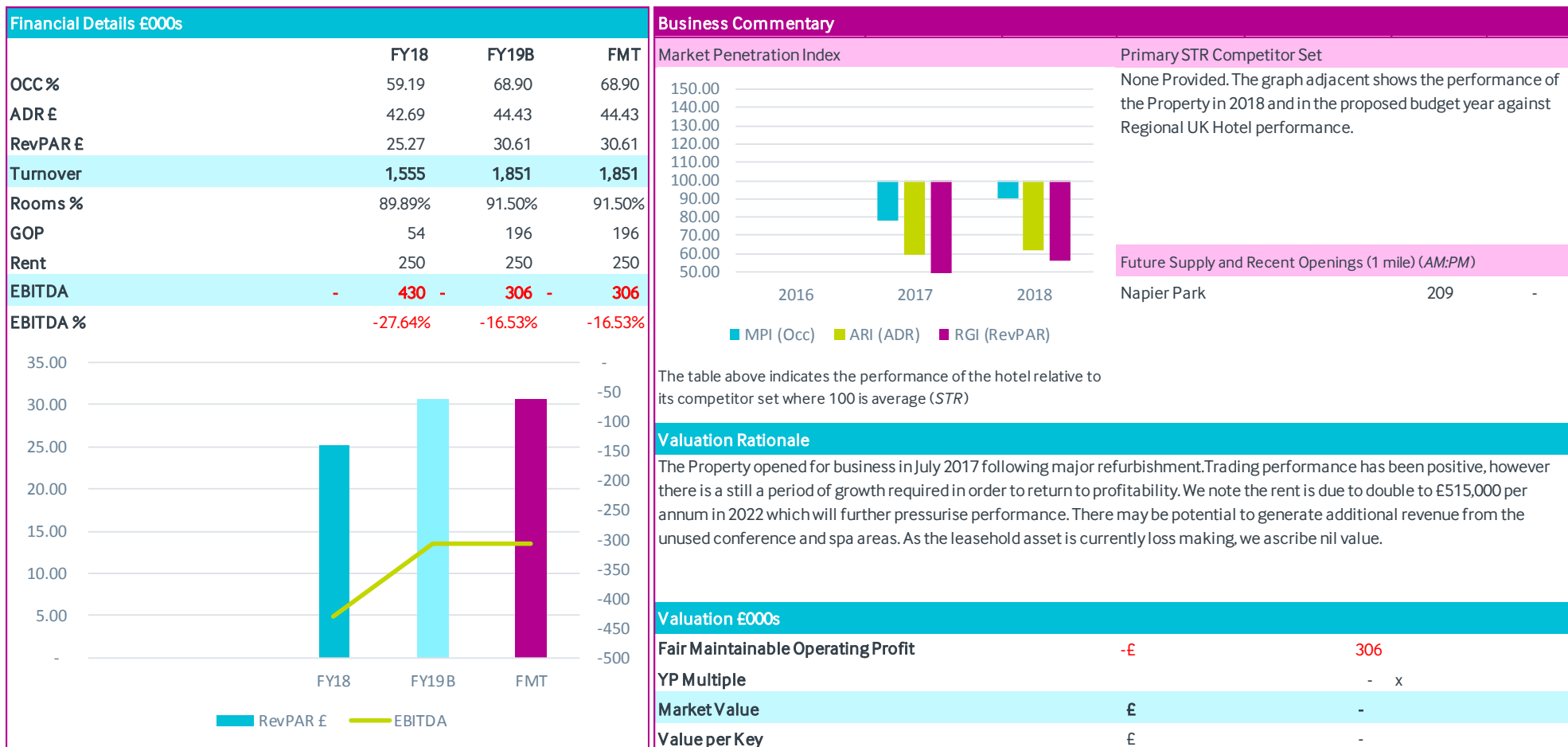
The Mall, Library Road, Luton, LU1 2TR

Property Details		Situation & Location	
Macro Location:	Secondary	The Property is situated in the heart of Luton town centre, approximately 30 miles to the north of London. Luton is a strategic location, home to London Luton airport and in close proximity to a number of local demand drivers including Woburn Safari Park and Whipsnade Zoo. Luton is well connected to the M1 motorway. The Property occupies a central location a short walk from Luton station and adjacent to the Mall Shopping Centre adjacent to St George's Square. Luton Airport is approximately 2 miles to the south east.	
Micro Location:	Good Secondary		
Number of Rooms:	152		
Brand:	Thistle Express		
Grade:	Focused Service		
Tenure		Description	
Tenure:	Short Leasehold	The Property comprises a concrete framed and clad building dating from the 1960's and arranged over 10 upper floors. Guest access to the hotel is made from a podium level at the level of the adjacent Mall, however this is 2 floors above the ground level. An open car park with 16 spaces lies in front. There are 152 en suite guest rooms over the upper floors. At podium level there is an open plan reception and breakfast room with c78 covers. There is a range of administration, kitchen and staff areas on the podium level and below. An area of the hotel previously utilised as meeting rooms and a spa has been mothballed and no access was available.	
Landlord:	Picton Prop. Nominee (3 & 4) Ltd		
Tenant:	GLH Hotels Limited		
Term Rem:	51 + 26 years		
Rent pa:	£250,000		
Review:	£515,000 pa from 9 May 2022		
Underlettings and Licences		Accommodation	
Number:	n/a	152 en suite guest rooms Restaurant with 78 covers, open plan reception area Mothballed meeting & events / spa space (not inspected) Appropriate range of back of house facilities	
Rent pa (approx.):	n/a		
Recent Capital Expenditure		Condition	
2017	£3,688,456	Internally, the hotel is well presented having benefited from a full refurbishment in 2016/17 during which the hotel was closed. It was rebranded to Thistle Express at this point. We were unable to inspect the areas of the Property currently mothballed. Externally, the Property appears dated but in fair condition. We were not made aware of any major wants of repair or outstanding issues.	
2018	£345,660		
2019 (F)	£466,667		
2020 (F)	£466,667		



Date of Inspection: 27 July 2018
Valuer: Alastair Hockley

10. Thistle Express Luton



11. Thistle Trafalgar Square

Whitcomb Street, Trafalgar Square, London WC2H 7HG

Property Details		Situation & Location	
Macro Location:	Prime	The Property is situated to the rear of the National Gallery, between Trafalgar Square and Leicester Square towards the southern end of Whitcombe Street, bounded by Orange Street to the north and St Martins Street to the east. The Property is well located for access to Covent Garden and Soho. This central London location is considered excellent to attract both leisure and corporate demand.	
Micro Location:	Good Secondary		
Number of Rooms:	108		
Brand:	Thistle		
Grade:	Upscale		
Tenure		Description	
Tenure:	Short Leasehold	The Property forms part of a substantial office development, with the remainder known as St Vincent House. The Property comprises 1960's concrete clad construction arranged over basement, ground and six upper floors. Accommodation comprises 108 en suite guest rooms, Squares Restaurant, Bar and al fresco terrace, reception/lounge and one function room on ground floor level. There is an administration office to the rear of reception and sufficient service and back of house accommodation.	
Landlord:	NGT Foundation		
Tenant:	Trafalgar Hotel (London) Limited		
Term Rem:	11 years		
Rent pa:	£11,750,000		
Review:	Complex. Upwards only OMV		
Underlettings and Licences		Accommodation	
Number:	n/a	108 en suite guest rooms Squares Restaurant, Squares Bar, Lounge, Al Fresco Terrace 1 meeting rooms with a maximum capacity of 10 (boardroom style) Sufficient bank of house facilities	
Rent pa (approx.):	n/a		
Recent Capital Expenditure		Condition	
2017	£67,361	The Property appears in good condition both internally and externally. Internally, the hotel is well maintained to brand standards and homogeneity between rooms is evident. There has been limited recent capital expenditure employed.	
2018	£69,058		
2019 (F)	£442,000		
2020 (F)	£52,000		



Date of Inspection: 27 July 2018
Valuer: G Rozwadowska

11. Thistle Trafalgar Square

Financial Details £000s					
	FY16	FY17	FY18	FY19B	FMT
OCC %	87.79	78.18	83.93	86.59	83.93
ADR £	161.71	178.97	168.10	182.02	168.10
RevPAR £	141.96	139.93	141.09	157.61	141.09
Turnover	5,947	5,948	5,884	6,544	5,884
Rooms %	93.85%	94.25%	94.26%	94.68%	94.26%
GOP	3,336	3,433	3,328	3,735	3,328
Rent	1,131	1,193	1,178	1,190	1,178
EBITDA	1,070	1,221	941	1,218	941
EBITDA %	17.99%	20.52%	15.99%	18.61%	15.99%

Business Commentary			
Market Penetration Index		Primary STR Competitor Set	
150.00		Radisson Blu Edwardian Hampshire, Radisson Blu Edwardian	
140.00		Kenilworth, Radisson Blu Edwardian Mercer Street, Le Meridien	
130.00		Piccadilly, Holiday Inn Mayfair, The Cavendish, Thistle Piccadilly,	
120.00		Amba Charing Cross, Strand Palace, The Trafalgar St James, The	
110.00		Piccadilly West End, Doyle Collection The Bloomsbury, Citadines	
100.00		Trafalgar Square	
90.00			
80.00			
70.00			
60.00			
50.00			
		Future Supply and Recent Openings (0.5 mile) (AM:PM)	
		St Martin's Place	136 2019
		Great Newport Street	66 -
		Hotel Indigo	95 2018
		MGallery by Sofitel	86 2017

The table above indicates the performance of the hotel relative to its competitor set where 100 is average (STR)

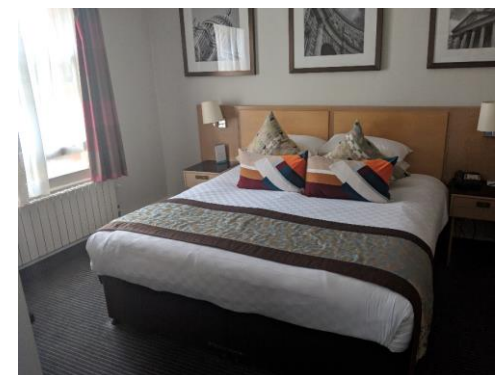
Valuation Rationale	
The leasehold asset has a diminishing term with 11 years unexpired which would be viewed less favorably by investors. There is no contractual option to extend the lease albeit it falls under the L&TA 1954 and therefore benefits from security of tenure. Turnover has been stable at the Property with a slight increase in RevPAR in 2018. The hotel converts positively at c.19% conversion after rent and FF&E allowance which we have adopted within our opinion or fair maintainable trade assessment. This is lower than previously achieved due to increasing cost pressures. Our valuation includes a deduction for imminent defensive capex.	

Valuation £000s	
Fair Maintainable Operating Profit	£ 941
YP Multiple	3.0 x
Market Value	£ 2,400
Value per Key	£ 22

12. Thistle Bloomsbury Park

126 Southampton Row, London WC1B 5AD

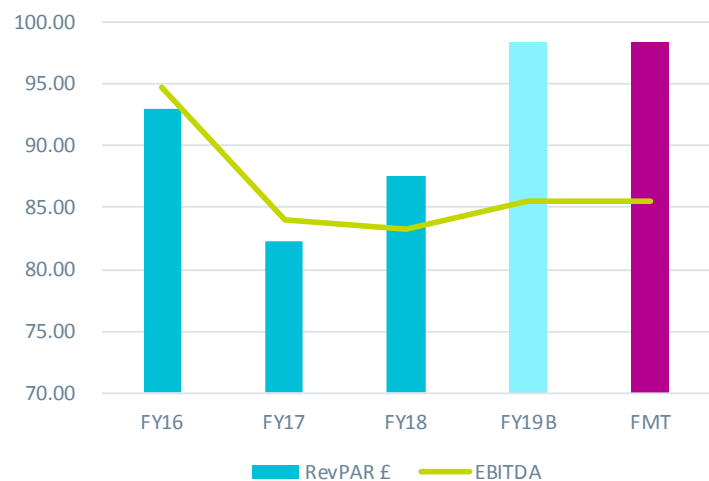
Property Details		Situation & Location	
Macro Location:	Prime	<p>The Property is located on the A4200 Southampton Row in the Bloomsbury district of Central London. It extends along Cosmo Place, a pedestrianised side street. It is easily accessible by public transport, broadly equidistant between Russell Square and Holborn underground stations. This midtown location is well positioned for corporate demand, sitting between the West End and City office markets. Leisure travellers are drawn by the location in the heart of London, with specific proximity to attractions such as the British Museum.</p>	
Micro Location:	Good Secondary		
Number of Rooms:	95		
Brand:	Thistle		
Grade:	Upscale		
Tenure		Description	
Tenure:	Short Leasehold	<p>The Property is an early twentieth century red brick building arranged over basement, ground and seven upper storeys. It lies at the end/corner of a neighbouring mansion block of similar age and design. Externally it is attractively presented. The Property has 95 en suite guest rooms, of which six are singles and three are suites. On the ground floor there is a restaurant with c50 covers, open plan bar and a basement meeting room with separate bar facilities. There is a range of administration, kitchen, service, staff and storage areas, predominantly arranged in the basement areas. A lift provides access between the basement and sixth floor of the Property.</p>	
Landlord:	Topland Medway Limited		
Tenant:	Bloomsbury Hotel (London) Ltd		
Term Rem:	17 + 30 years		
Rent pa:	£610,374		
Review:	£622,582 from 25 March 2019		
Underlettings and Licences		Accommodation	
Number:	n/a	<p>95 en suite guest rooms 50 cover Restaurant, open plan bar area Basement meeting room with a seated capacity of 34 theatre style Back of house facilities commensurate with the scale of the Property</p>	
Rent pa (approx.):	n/a		
Recent Capital Expenditure		Condition	
2017	£146,826	<p>Internally, the Property is in fair condition with rooms and public areas benefiting from a rolling programme of maintenance. An internal link bridge was replaced in H2 2017 with a disruptive impact on the number of rooms available. Externally, repairs to facades were undertaken in 2013, and now appear in good condition. We have not been made aware of any major wants of repair or outstanding issues.</p>	
2018	£391,185		
2019 (F)	£224,000		
2020 (F)	£0		



Date of Inspection: 20 July 2018
Valuer: Alastair Hockley

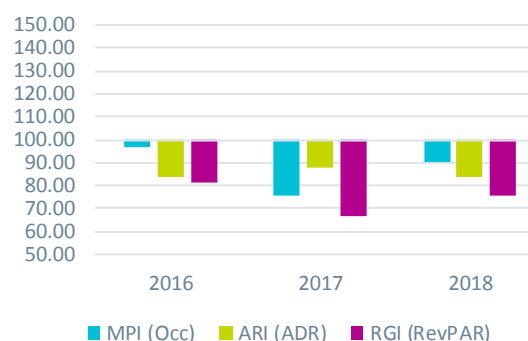
12. Thistle Bloomsbury Park

Financial Details £000s					
	FY16	FY17	FY18	FY19B	FMT
OCC%	82.50	65.69	72.33	82.11	82.11
ADR £	112.72	125.23	121.05	119.83	119.83
RevPAR £	93.00	82.27	87.55	98.39	98.39
Turnover	3,573	3,204	3,315	3,741	3,741
Rooms %	90.00%	90.51%	91.34%	90.94%	90.94%
GOP	1,640	1,446	1,458	1,623	1,623
Rent	582	593	582	598	598
EBITDA	493	280	266	310	310
EBITDA %	13.80%	8.75%	8.02%	8.28%	8.28%



Business Commentary

Market Penetration Index



Primary STR Competitor Set

Radisson Blu Kenilworth, Radisson Blu Bloomsbury, Radisson Blu Mercer Street, Holiday Inn Bloomsbury, The Principal, Premier Inn Euston, Hilton Euston, Red Carnation The Montague On The Gardens, Doubletree West End, Mercure Bloomsbury, Grange Hotel White Hall, Citadines Holborn, Ambassadors Bloomsbury, Premier Inn Holborn

Future Supply and Recent Openings (0.5 mile) (AM:PM)

Hoxton Holborn 174 2014

The table above indicates the performance of the hotel relative to its competitor set where 100 is average (STR)

Valuation Rationale

Trading performance dipped in the 2017-18, during which time a number of works were undertaken to the Property with a disruptive impact on room availability. Furthermore, a strategy to increase ADR appears to have been followed, although the FY19 budget softens this. The Property is held with short leasehold tenure however is consistently profitable after rent. We consider that the FY19 budget represents a FMT level and apply a YP multiple of 7x to our FMOP. Our valuation includes a deduction for imminent defensive capital expenditure.

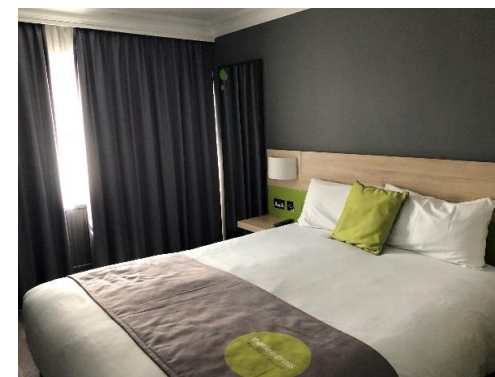
Valuation £000s

Fair Maintainable Operating Profit	£	310
YP Multiple		7.0 x
Market Value	£	2,000
Value per Key	£	21

13. Thistle Express Swindon

Fleming Way, Swindon SN1 1TN

Property Details		Situation & Location	
Macro Location:	Secondary	The Property is located in Swindon town centre on the corner of Islington Street and Fleming Way and semi detached with teh Parade Shopping Centre. It is within walking distance of the main railway station as well as the Brunel Centre and Outlet Village. There is no parking on site but there is public parking in the surrounding area.	
Micro Location:	Prime		
Number of Rooms:	95		
Brand:	Thistle Express		
Grade:	Focused Service		
Tenure		Description	
Tenure:	Short Leasehold	The Property dates from the mid 1960s and is a constructed over basement, ground floor and eight upper floors. The building has a concrete frame with brick facades. The public areas are located on the ground floor and comprise the reception desk and lobby in open plan with a breakfast area (with breakfast bar). There is mothballed restaurant on the ground floor and mothballed meeting and event space and kitchen on the first floor. There are guest rooms on the second to eighth floors and lifts to all floors. Air conditioning is to the public areas only.	
Landlord:	UK Commercial Prop. Estates Ltd		
Tenant:	The Wiltshire Hotel (Swindon) Ltd		
Term Rem:	46 + 15 years		
Rent pa:	£130,000		
Review:	£170k from 25 Dec 18, £200k from 25 Dec 23 then 5-yearly reviews		
Underlettings and Licences		Accommodation	
Number:	n/a	95 en suite guest rooms Breakfast Room (60 covers) Underutilised meeting and event / office development space	
Rent pa (approx.):	n/a		
Recent Capital Expenditure		Condition	
2017	£2,171,428	The Property underwent a significant refurbishment before re-opening in July 2017. The interior presents well. The exterior remains dated - of its time. There are some areas of disrepair noted such as failing seals in the aluminium framed windows and some door locks failing (with no replacement parts available).	
2018	£986,791		
2019 (F)	£466,667		
2020 (F)	£466,667		



Date of Inspection: 19 July 2018
Valuer: Tom Holt-Wilson

13. Thistle Express Swindon

Financial Details £000s			
	FY18	FY19B	FMT
OCC %	55.35	71.89	71.89
ADR £	49.34	56.97	56.97
RevPAR £	27.31	40.95	40.95
Turnover	921	1,515	1,515
Rooms %	92.71%	93.46%	93.46%
GOP	-	124	140
Rent	153	140	140
EBITDA	-	413	197
EBITDA %	-44.89%	-13.01%	-13.01%

Business Commentary			
Market Penetration Index		Primary STR Competitor Set	
None Provided. The graph adjacent shows the performance of the Property in 2018 and in the proposed budget year against Regional UK Hotel performance.			
Future Supply and Recent Openings (1 mile) (AM:PM)			
Hampton Swindon	105	2019	
North Star / Oasis Leisure	180	-	

The table above indicates the performance of the hotel relative to its competitor set where 100 is average (STR)

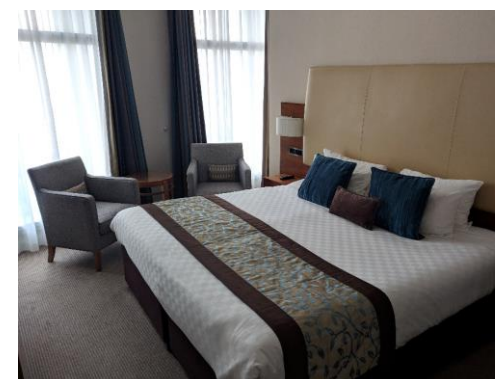
Valuation Rationale			
Financial year end 2018 was the first full year of operation by the Client. The Property has a substantial rent of £130,000 with fixed increases, the first of which is to £170,000 in December 2018. There are 61 years remaining on the term and the budget, which represents the second full year of opening is not suggestive of a profit after rent. As a result of this we do not think that the Property has a positive Market Value at the current time.			

Valuation £000s			
Fair Maintainable Operating Profit	-£	197	
YP Multiple		-	x
Market Value	£	-	
Value per Key	£	-	

14. Thistle Piccadilly

Coventry Street, London W1D 6BZ

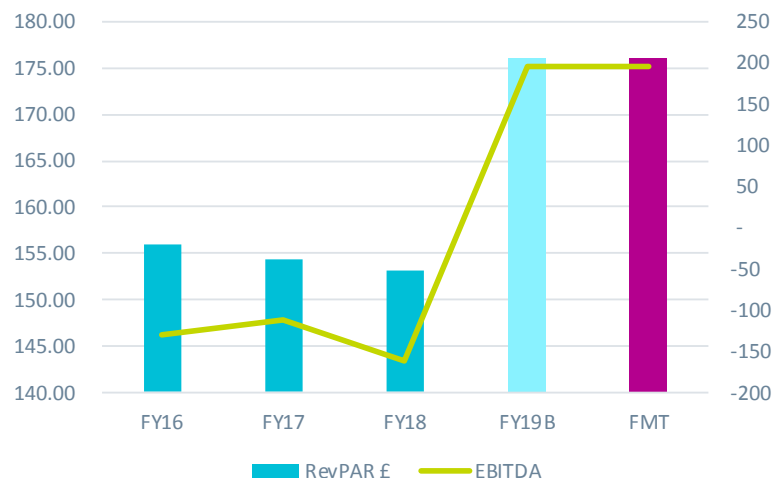
Property Details		Situation & Location	
Macro Location:	Prime	The Property occupies a prime site on the corner of Coventry Street and Whitcomb Street, facing Leicester Square at the heart of London's West End, a short distance from Piccadilly Circus and Trafalgar Square. It is easily accessible by public transport, lying broadly equidistant between Leicester Square and Piccadilly Circus stations. This is an excellent location for leisure business with a wide range of tourist attractions in a short walking distance. It remains a popular corporate location, with both the West End and City of London being easily accessible.	
Micro Location:	Prime		
Number of Rooms:	82		
Brand:	Thistle		
Grade:	Upscale		
Tenure		Description	
Tenure:	Short Leasehold	The Property is a substantial early twentieth century rounded corner building. The Property abuts the Prince of Wales Theatre and together they form an island site bounded by Coventry Street, Whitcomb Street and Whitcomb Court. The accommodation comprises 82 guest rooms, bar and restaurant. A coffee shop adjacent to the ground floor entrance is operated by the Property. There is a range of administration, kitchen, service, storage and staff areas. Part of the ground floor has been under let for various retail uses.	
Landlord:	Topland Valley Limited		
Tenant:	Piccadilly Hotel (London) Limited		
Term Rem:	17 + 20 years		
Rent pa:	£2,508,586		
Review:	2% fixed increases annually		
Underlettings and Licences		Accommodation	
Number:	9	82 en suite guest rooms Restaurant and Bar located in the basement No meeting or event space Mini gymnasium and limited back of house facilities	
Rent pa (approx.):	£677,000		
Recent Capital Expenditure		Condition	
2017	£36,548	A full refurbishment was undertaken from February to June 2012 to all the guest rooms and public areas and further work was undertaken when the hotel was rebranded to an 'Every' Hotel in 2014. The hotel presented well. Externally, the upper parts of the Property appear in fair condition and we were not advised of any significant wants of repair. At ground level, the majority of the Property is sublet to retail concepts.	
2018	£67,966		
2019 (F)	£466,667		
2020 (F)	£466,667		



Date of Inspection: 20 July 2018
Valuer: Alastair Hockley

14. Thistle Piccadilly

Financial Details £000s						Business Commentary													
	FY16	FY17	FY18	FY19B	FMT	Market Penetration Index													
OCC %	87.06	79.37	85.15	88.34	88.34														
ADR £	179.02	194.54	179.81	199.40	199.40	Primary STR Competitor Set													
RevPAR £	155.85	154.41	153.11	176.15	176.15	Radisson Blu Edwardian Hampshire, Radisson Blu Edwardian Kenilworth, Radisson Blu Edwardian Mercer Street, Le Meridien Piccadilly, Holiday Inn Mayfair, The Cavendish, Thistle The Royal Trafalgar, Amba Charing Cross, Strand Palace, The Trafalgar St James, The Piccadilly West End, Doyle Collection The Bloomsbury, Citadines Trafalgar Square													
Turnover	6,116	6,212	6,212	6,893	6,893	Future Supply and Recent Openings (0.5 mile) (AM:PM)													
Rooms %	76.06%	75.62%	73.56%	76.28%	76.28%	<table border="1"> <tr> <td>St Martin's Place</td> <td>136</td> <td>2019</td> </tr> <tr> <td>Great Newport Street</td> <td>66</td> <td>-</td> </tr> <tr> <td>Hotel Indigo</td> <td>95</td> <td>2018</td> </tr> <tr> <td>MGallery by Sofitel</td> <td>86</td> <td>2017</td> </tr> </table>		St Martin's Place	136	2019	Great Newport Street	66	-	Hotel Indigo	95	2018	MGallery by Sofitel	86	2017
St Martin's Place	136	2019																	
Great Newport Street	66	-																	
Hotel Indigo	95	2018																	
MGallery by Sofitel	86	2017																	
GOP	3,435	3,597	3,620	4,085	4,085	The table above indicates the performance of the hotel relative to its competitor set where 100 is average (STR)													
Rent	2,503	2,560	2,515	2,561	2,561	Valuation Rationale The Property has achieved a broadly flat turnover in the last three years at c£6.2m. During this period, management appear to have switched from targetting occupancy to ADR, however reverted in 2018. The Property is held short leasehold with a substantial rent subject to fixed increases. Our opinion of FMT follows the FY19 budget which forecasts a EBITDA of 5.82% after an FF&E allowance of 3%. We consider that the hotel occupies a highly desirable location, despite the rent commitment and therefore apply a 5x YP multiple to our opinion of FMOP. Our valuation includes a deduction for imminent defensive capital expenditure.													
EBITDA	- 131	- 111	- 162	194	194	Valuation £000s <table border="1"> <tr> <td>Fair Maintainable Operating Profit</td> <td>£</td> <td>194</td> </tr> <tr> <td>YP Multiple</td> <td></td> <td>5.0 x</td> </tr> <tr> <td>Market Value</td> <td>£</td> <td>800</td> </tr> <tr> <td>Value per Key</td> <td>£</td> <td>10</td> </tr> </table>		Fair Maintainable Operating Profit	£	194	YP Multiple		5.0 x	Market Value	£	800	Value per Key	£	10
Fair Maintainable Operating Profit	£	194																	
YP Multiple		5.0 x																	
Market Value	£	800																	
Value per Key	£	10																	
EBITDA %	-2.15%	-1.79%	-2.60%	2.82%	2.82%														



15. Thistle Hyde Park

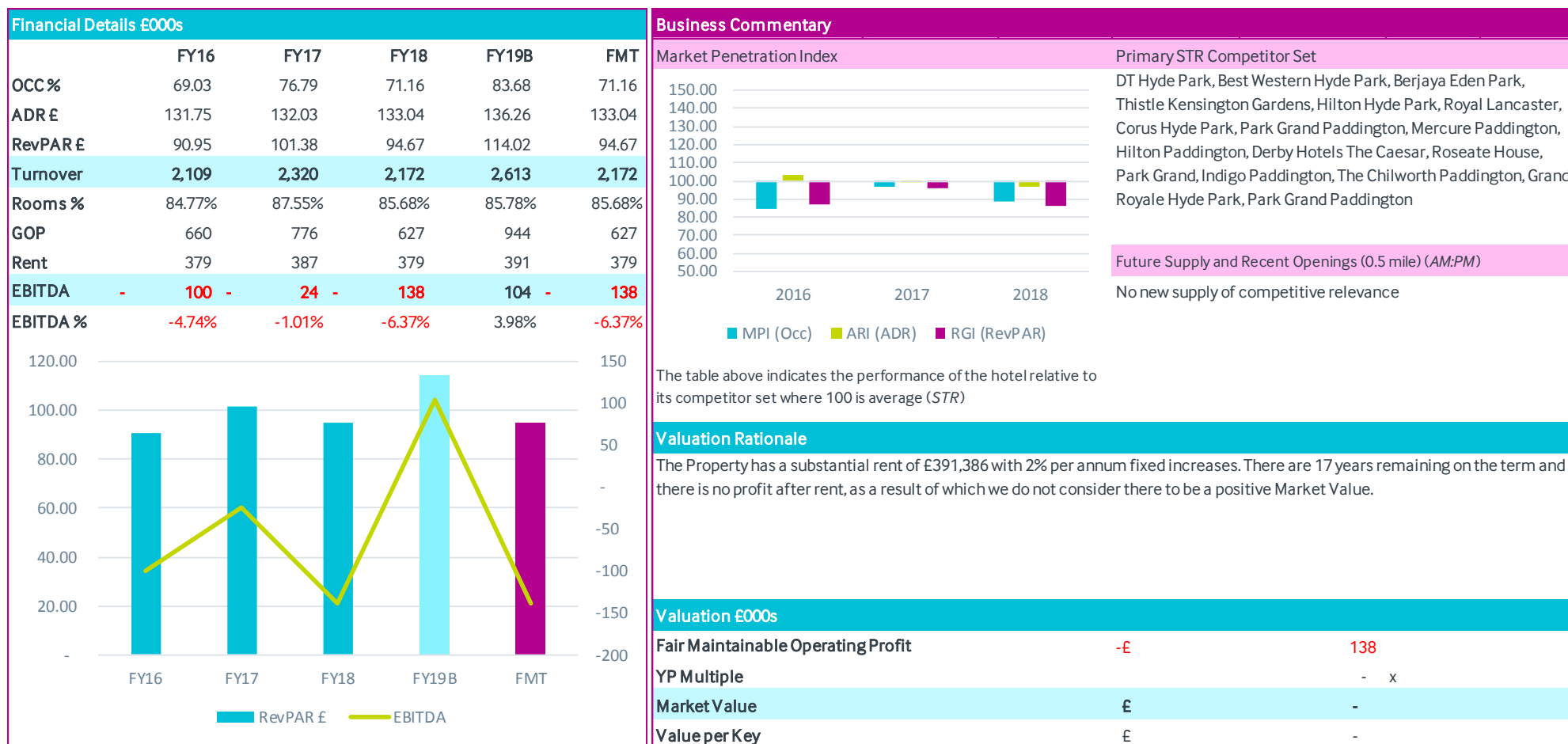
Hyde Park, Lancaster Gate, London W2 3NR

Property Details		Situation & Location	
Macro Location:	Prime	The Property is located in Bayswater, an established residential / hotel area of Central London, approximately a mile to the west of Marble Arch and close to Paddington Station, the main rail terminus for routes to the West of England and the Heathrow Express. The Property is midway between Queensway and Lancaster Gate underground stations, set back from the Bayswater Road overlooking Hyde Park, with rear elevation to Lancaster Gate. Leisure demand benefits from being close to good public transport, Marble Arch, Oxford Street and London's West End.	
Micro Location:	Good Secondary		
Number of Rooms:	54		
Brand:	Thistle		
Grade:	Upscale		
Tenure		Description	
Tenure:	Short Leasehold	The hotel is formed by the amalgamation of three large terrace town houses built in the 1826. The Property was substantially rebuilt in the mid 1980s behind the original listed façade. The accommodation comprises 54 guest rooms and suites, restaurant, bar, lounge and three function/meeting rooms. There is a range of administration, kitchens, service, storage and staff areas mainly located in the basement.	
Landlord:	Topland Tor Limited		
Tenant:	Hyde Park Hotel (London) Limited		
Term Rem:	17 + 30 years		
Rent pa:	£391,386		
Review:	2% fixed increases annually		
Underlettings and Licences		Accommodation	
Number:	n/a	54 en suite guest rooms Bar (36 covers) and restaurant (36 covers) Three meeting rooms with largest single capacity of 30	
Rent pa (approx.):	n/a		
Recent Capital Expenditure		Condition	
2017	£96,735	The hotel presents in below average condition with recent capital expenditure largely limited to compliance works related to fire safety (all completed). The exterior and interior condition is tired and would benefit from refurbishment to drive performance. Well-maintained throughout although recurring damp is evident in part of upper floors.	
2018	£118,392		
2019 (F)	£386,000		
2020 (F)	£35,000		



Date of Inspection: 26 July 2018
Valuer: Tom Holt-Wilson

15. Thistle Hyde Park



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VALUATION REPORT

RANK BINGO PORTFOLIO

9 operating Bingo Clubs, a closed facility, Parking and Administrative Offices located in Spain, Gibraltar and Malta

OCTOBER 2018

Prepared for

Guoco Group Ltd



GUOCO GROUP LIMITED

50th Floor
The Center
99 Queen's Road Central
Hong Kong

Our ref: ctg2171

10 October 2018

Dear Sirs,

**VALUATION REPORT IN RESPECT OF 9 OPERATING BINGO HALLS, A
CLOSED FACILITY, PARKING AND ADMINISTRATIVE OFFICES
LOCATED IN SPAIN, GIBRALTAR AND MALTA ("THE PROPERTIES")
ON BEHALF OF THE RANK GROUP PLC ("THE COMPANY") AND
THEIR MAJORITY SHAREHOLDER, GUOCO GROUP LTD**

We are pleased to submit our valuation report, which has been prepared for the purpose of a proposed privatisation of Guoco. The properties and interests valued are detailed below.

The valuation has been carried out in accordance with the terms that we agreed in our contract with you dated 19 July 2018. The extent of our professional liability to you is also outlined within these instructions. We confirm that we have sufficient knowledge, skills and understanding to undertake the valuation competently.

1 SCOPE OF INSTRUCTIONS

1.1 We have considered the properties as set out below, which we understand are held by the Company or its subsidiaries.

1.2 We are instructed to prepare this valuation for the purposes of a proposed privatisation of Guoco announced on 2 July 2018 on The Stock Exchange of Hong Kong Limited (the "Proposed Transaction").

1.3 The effective date of the valuation is at 31 July 2018.

1.4 Our report has been prepared in accordance with the RICS Valuation - Professional Standards, as amended ("the Red Book"). We confirm that we are a Valuer acting as an external Valuer, as defined within the "Red Book". We confirm that the Valuer conforms to the stipulated requirements.

1.5 We confirm that this valuation has been prepared as a Regulated Purpose Valuation as defined in the Red Book.

LIST OF PROPERTIES IN SPAIN, GIBRALTAR AND MALTA

	<u>Property Name</u>	<u>Address</u>	<u>Town</u>	<u>Tenure</u>
1-	Don Pelayo	Carrer Comte d'Urgell, 154 08036 Barcelona	Barcelona	Freehold
2-	Don Pelayo Offices	Carrer Comte d'Urgell, 154 08036 Barcelona	Barcelona	Leased
3-	Continental	Carretera Collblanc , 3 08903 Barcelona	Barcelona	Freehold
4-	Zahira	Calle Conde de Robledo, 1 14008 Córdoba	Córdoba	Freehold
5-	Girona I	Carrer Pont de la Barca, 1 17007 Girona	Girona	Leased
6-	Girona II (Closed)	Carretera s de Sta. Coloma, 77-79 17005 Girona	Girona	Leased
7-	Universal	Calle Carretas, 13 28012 Madrid	Madrid	Freehold
8-	Gorbea	Peña Gorbea, 17 28018 Madrid	Madrid	Leased
9-	Ciutat de Reus	Raval de Jesús, 14-16 43201 Reus	Reus	Freehold
10-	Ciutat de Reus (Parking)	Raval de Jesús, 14-16 43201 Reus	Reus	Freehold
11-	Sabadell	Avinguda de l'Onze de Setembre, 125 08208 Sabadell	Sabadell	Leased
12-	Andalucía	Ronda capuchinos, 19 41009 Sevilla	Sevilla	Leased
13-	Administrative Offices	Carrer Balmes 268-270 08006 Barcelona	Barcelona	Leased
14-	Administrative Offices	Unit 3Ca & 4C Leisure Island Business Centre, Ocean Village, GX11 1AA Gibraltar	Gibraltar	Leased
15-	Administrative Offices	Office "Flat 63", Regent House, Bisazza Street, Sliema Malta	Malta	Leased

2 BASIS OF VALUATION

It is our understanding that you require us to report in accordance with the Red Book. In the absence of instructions to the contrary (e.g. requesting a valuation on the basis of Fair Value), the valuation has been prepared on the basis as set out subsequently. The basis of valuation of properties classified as investments is Market Value. Valuations based on Market Value shall adopt the definition and the conceptual framework settled by the International Valuation Standards Council (IVSC), defined in the Red Book as follows:

MARKET VALUE

"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 where the parties had each acted knowledgeably, prudently and without compulsion."

2.1 Our opinion of market value has been supported in part by an income and EBITDA analysis, considering the main component parts of each business, effectively broken down into 3 divisions: i) the selling of play cards, ii) slot machines, and iii) the selling of beverages/snacks. We have taken this analysis into consideration strictly to ensure that the properties are viable as bingo clubs going forward. As Guoco Group Ltd. declares business value elsewhere in its accounts, we have valued the properties assuming they have never been traded as operational entities and have no trading history, as referred to in our Special Assumptions (see Section 3). As you are aware Cushman & Wakefield has partially

subcontracted some of the analysis to Ibertasa, S.A. which has specialist knowledge and experience in this type of EBITDA and income analysis. Furthermore, sub-contractors MJ (Gibraltar) Limited based in Gibraltar and Perry Estate Agents based in Malta, have also been sub-contracted by ourselves in order to provide us with their local knowledge.

2.2 In the case of the leased properties our opinion of value will be based on the amount that we believe a third party prospective tenant may be prepared to pay to acquire the remainder of the lease, which may be nil or negative value in cases where we consider there to be little/no “profit rent” or indeed in situations where the profit rent is negative due to “overrenting” (the difference between your contractual rent and Market Rent).

2.3 Furthermore, you request that our valuation meets the requirements of section 5.05 of the Rules Governing the Listing of Securities issues by The Stock Exchange of Hong Kong Limited (the “Exchange Listing Rules”). This states that “all valuation reports must contain all material details of the basis of valuation which must follow The Hong Kong Institute of Surveyors (“HKIS”) Valuation Standards on Properties published from time to time by the HKIS or the International Valuation Standards published from time to time by the International Valuation Standards Council”.

2.4 Our report has regard to the relevant requirements contained in Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and complies with all the requirements contained in Rule 11 of The Codes on Takeovers and Mergers and Share Buy-backs of Hong Kong (the “Takeovers Code”) issued by the Securities and Futures Commission.

3 ASSUMPTIONS, DEPARTURES & RESERVATIONS

3.1 We can confirm that our valuation is not made on the basis of any specific departures from the Practice Statements contained in the Red Book, except for those issues explained in Section 2 (above) and this section 3.

3.2 We understand that you require us to report our opinion of Market Value on each property based upon the following **Special Assumptions**:

- (i) the properties can only be used for their existing use; and
- (ii) the properties have never traded as an operational entity and therefore have no trading history.

We understand the reason for these Special Assumptions is that Guoco Group Ltd. declares business value elsewhere in its accounts and to use a Profits Test Method of Valuation would double count.

4 INSPECTIONS

4.1 As agreed with yourselves, we have internally inspected certain properties as follows:

PROPERTY	TYPE OF VISIT	PERSON TO INSPECT	INSPECTION DATE
Don Pelayo, Barcelona (Bingo and offices)	Internal & External	Laura González and Héctor Martínez	30 July 2018
Continental, Barcelona	Internal & External	Laura González and Héctor Martínez	1 August 2018
Universal, Madrid	Internal & External	Tony Loughran and Cristina Treceño	30 July 2018
Offices Malta	Internal & External	Perry Limited	July 2018

4.2 As agreed with yourselves, we have externally inspected certain properties as follows:

PROPERTY	TYPE OF VISIT	PERSON TO INSPECT	INSPECTION DATE
Girona I, Girona	External	Juan Narbón	August 2018
Gorbea, Madrid	External	Tony Loughran	July 2018
Sabadell, Barcelona	External	Juan Narbón	August 2018
Andalucía, Sevilla	External	Gloria Moreno	August 2018
Girona II, Girona	External	Juan Narbón	August 2018
Balmes (offices), Barcelona	External	Juan Narbón	August 2018
Zahira, Córdoba	External	Miles Leonard	August 2018
Ciutat de Reus (incl. Parking), Barcelona	External	Juan Narbón	August 2018
Gibraltar Unit 3Ca (offices), Gibraltar	External	Richard Buckley	July 2018
Gibraltar 4C (offices), Gibraltar	External	Richard Buckley	July 2018

4.3 In accordance with normal market practice in Spain we have not measured the properties and, for the purpose of this valuation, we have relied on floor areas provided to us by yourselves, which we rely upon as being an accurate and correct estimation of the Gross Lettable Area (GLA) of the properties. Any references that we make to the age of the buildings are approximate.

5 GENERAL PRINCIPLES

5.1 In addition to information established by us, we have relied on the information obtained from the Company and others. We have relied on this being correct and complete and on there being no undisclosed matters which would affect our valuation.

5.2 Our valuation of the property portfolio is provided to you without reference to any Special Assumptions, except in the case of the Assumptions, Departures and Reservations referred to in Section 3 above.

5.3 A purchaser of the properties is likely to obtain further advice or verification relating to certain matters referred to above before proceeding with a purchase. You should therefore note the conditions on which this valuation has been prepared.

5.4 Our opinion of value is derived from the analysis of recent market transactions, together with our market knowledge derived from the Firm's agency coverage.

5.5 A valuation is a prediction of price, not a guarantee. By necessity it requires the valuer to make subjective judgments that, even if logical and appropriate, may differ from those made by a purchaser, or

another valuer. Historically it has generally been considered that valuers can be within a range of possible values.

5.6 The purpose of the valuation does not alter the approach to the valuation.

5.7 Property values can change substantially, even over short periods of time, and so our opinion of value could differ significantly if the date of valuation was to change. If you wish to rely on our valuation as being valid on any other date you should consult us first.

5.8 Should you contemplate a sale, we strongly recommend that the properties are given proper exposure to the market.

5.9 We recommend that you keep the valuation of the properties under frequent review.

5.10 You should not rely on this report unless any reference to tenure, tenancies and legal title has been verified as correct by your legal advisers.

5.11 This Valuation Report should be read in conjunction with our terms of engagement and in particular our Standard Terms and Conditions of Appointment of Cushman & Wakefield as Valuers, previously supplied to you. We would specifically draw your attention to paragraph 10.6 therein which describes the extent of our professional liability to you.

5.12 For the purpose of compliance with Rule 11.3 of the Takeovers Code, we are advised by the Company that there are potential tax liabilities which might arise on the disposal of each of the Properties in Spain, including but not limited to profit tax and any other relevant taxes levied at the local applicable rate prevailing at the time in Spain. We are advised by the Company that the likelihood of the potential tax liability being crystallized is considered remote as the Company as at 5 October 2018, being the latest practicable date for the purpose of ascertaining certain information for inclusion in this Scheme Document, has no intention to dispose of the relevant property interests. According to our standard practice as we are not qualified to advise or opine on tax matters, we have neither verified nor taken into account such tax liability in the course of our valuation.

6 VALUATION

6.1 Subject to the foregoing, in particular our Basis of Value and Assumptions set out in Sections 2 and 3 above, and based on values current as at 31 July 2018, we are of the opinion that the Market Value of the interests in the properties amounts to:

VALUATION AS AT 31 JULY 2018					
PROPERTY	LOCATION	INTEREST	MARKET VALUE AS AT 31/07/2018	GUOCO'S INTEREST*	MARKET VALUE OF GUOCO'S INTEREST
LEASED BINGO CLUBS					
Girona I	Girona	Leasehold	Nil	52.03%	Nil
Gorbea	Madrid	Leasehold	Nil	52.03%	Nil
Sabadell	Sabadell, Barcelona	Leasehold	Nil	52.03%	Nil
Andalucía	Sevilla	Leasehold	(€ 150,000)	52.03%	(€ 78,045)
Girona II	Girona	Leasehold	Nil	52.03%	Nil
LEASED ADMINISTRATIVE OFFICES					
Don Pelayo Offices	Barcelona	Leasehold	Nil	52.03%	Nil
Offices Balmes	Barcelona	Leasehold	Nil	52.03%	Nil
FREEHOLD BINGO CLUBS					
Don Pelayo	Barcelona	Freehold	€ 7,550,000	52.03%	€ 3,928,265
Zahira	Córdoba	Freehold	€ 1,170,000	52.03%	€ 608,751
Universal	Madrid	Freehold	€11,310,000	52.03%	€ 5,884,593
Ciutat de Reus (incl. Parking)	Reus, Barcelona	Freehold	€ 5,720,000	52.03%	€ 2,976,116
Continental	Barcelona	Freehold	€ 4,260,000	52.03%	€ 2,216,478
LEASED ADMINISTRATIVE OFFICES GIBRALTAR AND MALTA					
Offices Gibraltar Unit 3Ca	Gibraltar	Leased	Nil	52.03%	Nil
Offices Gibraltar 4C	Gibraltar	Leased	Nil	52.03%	Nil
Offices Malta	Malta	Leased	Nil	52.03%	Nil
TOTAL			€29,860,000		€15,536,158

Note: Negative values are shown in parentheses

Note: (*) We provide this opinion on the basis that 100% of the asset is sold with 52.03% of the value assigned to Guoco, rather than a sale of the asset which could result in different offer levels and values, taking into account that it is not a 100% participation in the ownership.

6.2 The opinion of Market Value stated in 6.1 above of €29,860,000 represents the aggregate of the values attributable to the individual properties. If the portfolio was to be sold as a single lot or in groups of properties, the total value could differ significantly.

6.3 In the case of all the leased properties there is little/no value in the remaining lease terms if you were to assign those leases (i.e. no material lease premium value, assuming transfer of the assets as vacant non-trading bingo operations). In the case of the Andalucía bingo, we have highlighted a negative value due to "overrenting" (our view that if you transferred that lease that you would need to compensate the new tenant with a negative premium payment to cover their liability of paying excessive rent for the remainder of the period until lease-end or lease-break).

6.4 We set out a brief description of each property and the value ascribed to each one at Appendix I.

7 CONFIDENTIALITY

7.1 Our valuation is confidential to you, for your sole use and for the specific purpose stated. We will not accept responsibility to any third party in respect of its contents.

8 DISCLOSURE AND PUBLICATION

8.1 You must not disclose the contents of this valuation report to a third party in any way without first obtaining our written approval to the form and context of the proposed disclosure. You must obtain our consent, even if we are not referred to by name or our valuation report is to be combined with others. We will not approve any disclosure that does not refer sufficiently to any Special Assumptions or Departures that we have made.

Yours faithfully,

For and on behalf of Cushman & Wakefield



Reno Cardiff MRICS

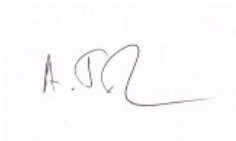
Partner

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reno.cardiff@eur.cushwake.com

Valuer Bio:

- Partner and Head of the Capital Markets Group at Cushman and Wakefield's Barcelona office.
- Reno has 22 years experience in the property consultancy sector of which 17 have been in the Spanish market. Previously, he was Valuation Director at Leighton Goldhill in London. He is a visiting lecturer at a number of universities and regularly features on diverse subjects such as forward funding structures, sale and leasebacks, REITS and the Spanish property market. He has been involved in some of Spain's most emblematic deals.



Tony Loughran MRICS

Partner

+34 91 781 38 36

Tony.loughran@eur.cushwake.com

Valuer Bio:

- Tony is a Partner and Head of the Valuation & Advisory Team in Spain.
- Before joining Cushman & Wakefield in September 2000, Tony worked in London for Colliers, as an office agent, active in the Thames Valley and the South East of England. Prior to that he worked as a valuation surveyor, firstly with Kemsley Whiteley & Ferris where he started his career in 1991 and then with Gooch & Wagstaff, which subsequently merged with Colliers.

APPENDIX I

PORTFOLIO SUMMARY



PORTFOLIO SUMMARY

PROPERTY	MARKET VALUE	DESCRIPTION	TENURE & UNDER LETTINGS
LEASED BINGO CLUBS			
Girona I	Nil	This property comprises a 1,583m ² stand-alone warehouse incorporating a bingo club at the ground floor, storage areas at the semi-basement level and offices on the first floor. Adjacent to the building is a car park with 70 parking spaces. The property has very good visibility from Calle Pont de la Barca due to its large size and frontage. Located outside the Girona urban area, the area is not highly consolidated as there are large plots of undeveloped land located around the property. The nearest buildings are mainly residential although we point out the presence of a Mercadona supermarket located just across the street.	We understand the Property is held under a lease signed 16 February 2002, with a 5-year extension period remaining, ending 16 February 2022.
Gorbea	Nil	The property comprises a 1,351m ² commercial unit located exclusively at the ground floor level and incorporating 59 parking spaces located in an underground garage. The property is located in an area of limited commercial appeal, as the majority of commercial activity in the area relates to products and services catered to the local residential population.	We understand the Property is held under a lease contract expiring 28 February 2022.
Sabadell	Nil	The property comprises a commercial unit of 1,278m ² with approximately 850m ² on the ground floor where the bingo/game area is located. The remaining area is located on the mezzanine floor which houses offices and storage areas. There are also 21 parking spaces assigned to the property located in an underground garage. The street on which the property is located has plenty of commercial activity although the most attractive rents can be found further up the street nearer to Sabadell city-centre.	We understand the Property is held under a lease contract expiring on 19 June 2033, with a break option on 1 January 2019,
Andalucía	(€ 150,000)	The property comprises a 1,136m ² commercial unit distributed over the ground and mezzanine floors. The main entrance faces Ronda de Capuchinos, a highly traveled road although with limited commercial activity. A secondary entrance faces Avenida de la Cruz Roja. An outdoor car park adjacent to the property and with access from Calle La Maria provides parking for 47 vehicles.	We understand the Property is held under a lease contract expiring 30 June 2036 with a break option on 1 July 2021.
Girona II (closed)	Nil	The property comprises a 1,228m ² standalone warehouse over a single floor, which is currently vacant and would need to be fitted-out to open to the public. The property is located within an industrial estate with certain commercial activity closeby, especially supermarkets such as Aldi, Lidl and Mercadona.	We understand the Property is held under a lease contract expiring on 22 February 2019, and that the property is currently vacant and in need of capital expenditure in order to open as a Bingo.

PROPERTY	MARKET VALUE	DESCRIPTION	TENURE & UNDER LETTINGS
LEASED ADMINISTRATIVE OFFICES			
Don Pelayo Offices	Nil	This administrative office comprises approximately 119m ² located on the mezzanine floor of Compte Urgell 156, Barcelona, above the Don Pelayo Bingo.	We understand the Property is held under a lease contract expiring 31 December 2020, with the option to break the lease anytime with one month notice.
Offices Balmes	Nil	This administrative office comprises approximately 350m ² located on the first floor of Calle Balmes, 268 in a mixed commercial/residential area. We understand this lease contract was signed in December of 2012 at a rent of €3,500/month.	We understand the Property is held under a lease contract expiring 20 December 2017, with an obligatory period until 20 December 2020.
FREEHOLD BINGO CLUBS			
Don Pelayo	€ 7,550,000	The Property comprises a 2,413m ² commercial unit situated at the ground floor of a mixed residential/commercial building at Carrer del Comte d'Urgell, 154-156. The property includes 10 parking spaces located at the basement level, residential flats on the upper floors, small offices on the first floor, and commercial units on the ground floor. The street on which the property is located enjoys heavy levels of vehicular traffic although pedestrian movement and therefore commercial appeal is more limited. The majority of economic activity in the area consists of neighborhood goods and services with numerous restaurants located near the property.	
Zahira	€ 1,170,000	The property comprises a 1,110m ² commercial unit located within the Historic Town Centre area of Córdoba, providing high levels of pedestrian traffic. The property is located at the ground and basement floors of a residential building with the façade and main entrance facing Calle del Conde de Robledo. Customers must descend a small stairway from the street in order to access the interior of the bingo club. The ground floor of the unit includes an area for slot-machines, a restaurant, a bingo area, restrooms, and the kitchen. The basement floor houses the dressing rooms/dining areas for personnel, storage areas, and meeting rooms. Access to the basement level is from a staircase located in the slot-machine area of the ground floor, as well as two secondary emergency staircases located near the exits.	
Universal	€ 11,310,000	The property comprises a commercial unit of approximately 2,030m ² distributed over the basement, ground, and first floors of a residential building located at Calle Carretas, 13. The property is located in an area of heavy pedestrian traffic due its proximity to Puerta del Sol, a major tourist destination. The upper floors consist of offices, restrooms, and a rest area/dressing rooms for personnel. The bingo and leisure areas as well as the main entrance are located at the ground floor, while the basement area is used for storage.	

PROPERTY	MARKET VALUE	DESCRIPTION	TENURE & UNDER LETTINGS
Ciutat de Reus (incl. Parking)	€ 5,720,000	The property comprises a 1,547m ² commercial unit located at the ground floor of a residential building and a public parking over 3 underground floors with a total of 177 car parking spaces and accessed from C/ Alt de San Salvador. The property is located in the Historic Town Centre of Reus, a satellite town of Sabadell located approximately 10km to the west. The immediate surroundings are commercial, with the property located on the main commercial street in Reus, providing good levels of pedestrian movement in the area. The unit is distributed entirely over the ground floor, which includes the bingo area, kitchen, restrooms, and storage areas.	
Continental	€ 4,260,000	This property consists of a 2,365m ² commercial unit located at ground floor level and 49 parking spaces situated in two basement garage parking levels. Although, we understand the upper floors (which house offices, storage areas, and a cinema which is currently not in operation) are also leased by The Rank Group. The street on which the property is located is a major route of access to/from Barcelona city-centre (located approximately 5km to the northeast). Nevertheless, the area has average pedestrian traffic and commercial activity is limited to neighborhood goods and services.	
LEASED ADMINISTRATIVE OFFICES GIBRALTAR AND MALTA			
Offices Gibraltar Unit 3Ca	Nil	This administrative office comprises 170m ² of office space located at the Leisure Island Business Centre in Ocean village, a mixed use Marina Resort on the west side of the country. The building comprises three levels of executive office facilities and includes a Casino.	We understand the Property is held under a lease contract expiring 31 May 2027, with an obligatory period until 24 June 2021.
Offices Gibraltar Unit 4C	Nil	This administrative office comprises 477m ² of office space located at the Leisure Island Business Centre in Ocean village, a mixed use Marina Resort on the west side of the country. The building comprises three levels of executive office facilities and includes a Casino.	We understand the Property is held under a lease contract expiring 17 May 2027, with an obligatory period until 24 June 2021.
Offices Malta	Nil	This administrative office comprises approximately 130m ² located at 63 Regent House in Sliema, Malta. This is a sought after and landmark office building in central Sliema, which occupies a prominent site within this prime district.	We understand the Property is held under a lease contract expiring 1 April 2027, with an obligatory period until 1 October 2018.

Note: Negative values are shown in parentheses

cushmanwakefield.com

TONY LOUGHRAN

Partner, Head of Valuation & Advisory

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