SUMMARY VALUATION REPORT

Mr&Mrs White Tinos Hotel

AGIOS IOANNIS
TINOS, GREECE

SUBMITTED TO:

Anna Apostolidou
CEO
BriQ Properties REIC
25 Al. Pantou Street
17671 Kallithea
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PREPARED BY:

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9 April 2019

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Anna Apostolidou
CEO
BriQ Properties REIC
25 Al. Pantou Street
17671 Kallithea
Greece

Dear Ms Apostolidou

Re: Mr&Mrs White Tinos Hotel, Tinos, Greece

In accordance with your request, we herewith submit our Summary Valuation Report pertaining to the above property. We have inspected the site and the facilities and have analysed hotel market conditions on the island of Tinos. HVS has valued the property acting as an independent valuer and our report has been prepared in accordance with the Royal Institution of Chartered Surveyors' (RICS) *RICS Valuation – Professional Standards*, July 2017.

Based on the available data, together with our analysis and experience in the hotel industry, it is our opinion that the Market Value of the freehold interest in the property described in this report, as at 1 April 2019, is:

€3,000,000

THREE MILLION EURO

We hereby certify that we have no undisclosed interest in the property, and that our employment and compensation are not contingent upon our findings and valuation.

This opinion of value and the entire report are subject to the comments made throughout and to all assumptions and limiting conditions set out herein.

Yours sincerely
HVS – ATHENS OFFICE

Pavlos Papadimitriou, MRICS
Director

Demetrios Spanos
Managing Director

PP:DS

HVS No: 2019360022

Table of Contents

1. Executive Summary

Property:	Mr&Mrs White Tinos Hotel
Address:	Agios Ioannis, Porto Tinos 84200
Date of Inspection:	26 March 2019
Interest Valued:	Freehold
Date of Value:	1 April 2019
Management:	HotelBrain

PROPERTY DESCRIPTION

Site Area:	7,877 m^2
Age:	Constructed in 1991
Property Type:	Four-star
Guest Rooms:	53 to be extended to 60 in 2019
Food and Beverage Facilities:	A restaurant, a lounge, a bar
Meeting Facilities:	One meeting room (25 m^2)
Amenities:	An outdoor pool, a library
Car Parking:	Approximately 30 spaces (outdoor)

ESTIMATES OF VALUE

Income Capitalisation Approach:	€2,900,000 (85% weight)
Sales Comparison Approach:	€3,700,000 (15% weight)
Market Value Conclusion as at 1 April 2019:	€3,000,000
Market Value Conclusion per Room:	€50,000

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2. Nature of the Assignment

Subject of the Summary Valuation Report

The subject of the Summary Valuation Report is the freehold interest in the Mr&Mrs White Tinos Hotel located at Agios Ioannis, Tinos 84200, Greece ('the Hotel'). The Hotel has 53 guest rooms and opened in 1991 while it was operating under the name Porto Tango up until 2017. In addition to guest rooms, the Hotel has a restaurant, a lounge, a bar , 25 m^2 of meeting space, an outdoor pool, a library and other facilities typically found in a four-star hotel. In May 2019, seven additional rooms will be added to the Hotel's inventory thus, raising its room count at 60 keys.

Purpose of the Summary Valuation Report

This Summary Valuation Report has been prepared for BriQ Properties REIC for asset evaluation purposes, in accordance with the Royal Institution of Chartered Surveyors' (RICS) *RICS Valuation – Professional Standards*, July 2017, and the International Valuation Standards (IVS).

Basis of the Valuation

The objective of the Summary Valuation Report is to evaluate the supply and demand factors affecting the market for transient accommodation in Tinos area through the generation of hotel cash flow for the purpose of estimating the Market Value of the freehold interest in the Hotel.

Market Value is defined as:

> *'The estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.'*[1]

Property Rights Valued

The property rights valued are the freehold interest in the land and the premises, including the furniture, fixtures and equipment (FF&E). The Hotel is assumed to be free and clear of any financing, lease or hire purchase agreements.

Pertinent Dates

The effective date of value is 1 April 2019. The Hotel was inspected by Themis Trakas, director of HVS, on 26 March 2019, and our analysis was performed shortly thereafter.

Recipient of the Summary Valuation Report

This Summary Valuation Report has been prepared for BriQ Properties REIC for asset evaluation purposes. The information presented in this report should not be disseminated to the public or third parties without the express written consent of HVS.

[1] Royal Institution of Chartered Surveyors' (2017) *RICS Valuation – Professional Standards*

Scope of the Valuation Report

All information was collected and analysed by the staff of HVS. Information such as historical operating statements, site plans, description of the facilities, and so forth was supplied by the client and the management of the subject Hotel. We have assumed that this information is accurate and we have therefore relied upon it without undertaking any independent verification. We have investigated comparable hotels in the market area and have spoken with buyers, sellers, hoteliers, property developers and industry experts. Our value conclusion has been based on this investigation and analysis.

Valuer Credentials

Pavlos Papadimitriou, MRICS oversaw this valuation. Nana Boussia, and Pavlos Papadimitriou undertook the due diligence enquiries and carried out the detailed analysis. This collection of individuals has the required skills and experience necessary to carry out a valuation of this nature.

Conflict of Interest

We hereby certify that we have no undisclosed interest in the property, and that our employment and compensation are not contingent upon our findings and valuation. We have no previous involvement with this property that the client is not aware of.

Premise of the Forecast

The forecast of income and expense included in this report is intended to reflect the valuers' subjective estimate of how a typical hotel investor would project the subject property's operating results to which appropriate valuation parameters have been applied.

Acknowledgement of Service

This report and valuation contains various assumptions, some of a general nature and some of a specific nature. Our valuation is based upon information supplied to us and other information previously available to us.

We recommend that you consider and are assured of the validity and relevance of each assumption and any data presented herein in the context of our valuation, either by independent verification or your own judgement. Any queries or points of concern should be raised with the valuers at the earliest opportunity.

Ownership, Management History and Structure

The Hotel is currently owned by HotelBrain Capital S.A. The Hotel was last sold in 2018 while until then it was running as a property knowing as Porto Tango; HotelBrain Capital S.A. has owned the property since 2018 and purchased it at this time from its previous owners for an undisclosed sum of money followed by a renovation that mostly took place during 2018 (additional works are currently underway). No other transfers of the property have reportedly occurred within the last three years. The Hotel is now under contract for purchase by BriQ Properties REIC for an undisclosed sum.

The Hotel has been valued assuming that, as at the date of value, it would be available free and clear of any specific management or operating leases. For the purposes of this valuation, we have assumed that a competent and experienced operator will manage the Hotel. We have therefore assumed a base management fee of 3.0% of total revenue and an incentive fee of 8.0% of an adjusted gross operating profit (i.e. GOP after deducting property taxes, insurance, and reserve for replacement).

We have been informed that the current owning company of the Hotel, is planning to lease back the property from the envisaged new owners. Within the scope of our work is to comment on the pre-agreed lease agreement between the current owning company and BriQ Properties REIC.

The property is planned to be held under a (long) lease dated presumably at May 2019 for a term of 15 years; the lease thus expires on 31 December 2033. A minimum guaranteed lease is set at €222,000 adjusted annually for one percentage point above inflation. We have assumed that the lease may be assigned and that the landlord's consent would be forthcoming without undue delay, conditions or financial payment. Furthermore, we have assumed that the operation of the premises will comply with the terms of the lease and that there will be no current breaches of the covenants contained therein. A summary of the pertinent terms of the lease is included in Section 9, *Lease Agreement* together with the assessment of the viability of the proposed lease.

Planning

The Hotel seems to have been constructed in accordance with local planning restrictions, building codes and other applicable regulations. However, we are not legal experts and recommend that you lawyers verify that all licences and approvals have been secured.

Other Statutory Consents

We have assumed that the Hotel has a valid fire certificate, complies with environmental health legislation and holds all other necessary licences for the purposes of its operation. Furthermore, we have assumed that there are no outstanding issues in respect of such consents and licences.

We have not inspected any of the licences, approvals, consents, permits or certificates relating to the property and we recommend that your lawyers verify their existence.

Marketing and Exposure Period

The marketing and exposure period, referring to the amount of time necessary for the Hotel to have been exposed retrospectively, prior to our date of value, is estimated to be less than or equal to 12 months.

Currency

All financial data, projections and opinions of value are expressed in euro. All projections are expressed in inflated euro, and the value estimate represents 2018 euro.

Special Assumptions

No special assumptions have been adopted for this valuation exercise.

Method of Study

The methodology used to develop this Summary Valuation Report has been based on the market research and valuation techniques set out in the textbooks written by HVS for the American Institute of Real Estate Appraisers and the Appraisal Institute, and entitled *The Valuation of Hotels and Motels,*[2] *Hotels,*

[2] Stephen Rushmore (1978) *The Valuation of Hotels and Motels*, American Institute of Real Estate Appraisers, Chicago.

Motels and Restaurants: Valuations and Market Studies,[3] *The Computerized Income Approach to Hotel/Motel Market Studies and Valuations,*[4] *Hotels and Motels: A Guide to Market Analysis, Investment Analysis, and Valuations,*[5] *Hotels & Motels: Valuations and Market Studies,*[6] and *Hotel Market Analysis and Valuation: International Issues and Software Applications.*[7]

[3] Stephen Rushmore (1983) *Hotels, Motels and Restaurants: Valuations and Market Studies*, American Institute of Real Estate Appraisers, Chicago.

[4] Stephen Rushmore (1990) *The Computerized Income Approach to Hotel/Motel Market Studies and Valuations,* American Institute of Real Estate Appraisers, Chicago.

[5] Stephen Rushmore (1992) *Hotels and Motels: A Guide to Market Analysis, Investment Analysis, and Valuations,* Appraisal Institute, Chicago.

[6] Stephen Rushmore and Erich Baum (2001) *Hotels & Motels: Valuations and Market Studies*, Appraisal Institute, Chicago

[7] Stephen Rushmore, John O'Neill and Stephen Rushmore, Jr (2012) *Hotel Market Analysis and Valuation: International Issues and Software Applications*, Appraisal Institute, Chicago

3. Market Area Analysis

REGION OVERVIEW - CYCLADES

Cyclades Islands are one of the island complexes that constitute the Aegean Archipelago. The group consists of some 220 islands of which many of the smaller ones remain uninhabited. The Cyclades Islands enjoy worldwide recognition as a tourism destination with 33 islands and islets of which inhabited are 24 islands: Amorgos, Anafi, Andros, Antiparos Donousa Iraklia Thirasia Ios Kea Kimolos Koufonisi Kythnos, Milos, Mykonos, Naxos, Paros, Santorini, Serifos, Sikinos, Sifnos, Syros Schinoussa, Tinos and Folegandros.

The islands are peaks of submerged mountainous terrain, with the exception of two volcanic islands, Milos and Santorini. Excluding Naxos, the soil in the Cycladic islands is not very fertile. Agricultural production includes wine, fruit, wheat, olive oil, and tobacco. The climate is generally dry and mild. Cooler temperatures are recorded in higher elevations and Cyclades generally do not receive heavy winters. All roads in the island complex are secondary or provincial.

The Cyclades are located very close to Athens, it is rather easy to reach any of the Cyclades islands by ferry or airplane. The entire complex is particularly renowned for its pristine beaches washed by the Mediterranean Sea which can be either cosmopolitan or secluded and they constitute the main attraction of the islands. Recently the European Environment Agency announced that the country was positioned third worldwide in terms of Blue Flag certification, with 430 beaches and nine marinas for 2016, out of which 21 are located in Cyclades. Other reasons that put Cyclades Islands high on the list of places to visit by international travelers are: (1) the villages of the Cyclades which mostly distinguish for the unique architecture characterized by whitewashed houses, blue windows and doors, white churches with blue domes and traditional windmills; (2) the tasty Mediterranean cuisine which varies on each island depending on the local products; (3) the proximity of the islands as most of them form a sort of neighborhood and someone can travel easily from one to the other ('island hoping'); (4) the new hotel establishments which are mainly upscale boutique hotels that fit perfectly into the surrounding area; (5) the people who are simple, hospitable and smiling.

ISLAND OVERVIEW - TINOS

Tinos is a Greek island situated in the Aegean Sea. It is in the northern Cyclades archipelago. In antiquity, Tinos was also known as Ophiussa and Hydroessa. The capital of Tinos is Chora and is located on the southwest side of the island. The closest islands are Andros, Delos, and Mykonos. It has a land area of 194.464 km^2 and a 2011 census population of 8,636 inhabitants. Is the fourth largest island of the Cyclades, after Andros, Naxos and Paros. Apart from attracting domestic and international travelers during summer, Tinos attracts a large number of Greek pilgrims travelling there twice a year, on March 25th and August 15th, to visit the church of Panagia Megalochari (the Blessed Virgin Mary) fulfilling their vows and seeking comfort. Tinos is the most important

Orthodox center of worship in Greece but, at the same time, an important Catholic center too; this, rare for Greek standards, mix of religious traditions enhance the island with a particular character.

The ridge that separates the island in two parts, northern and southern, ends at the mountains “Kehrovouni” and “Tsiknias” with an estimated altitude of 720 m^2. The total length of the coastal line is about 114 km and it is adorned with turquoise waters, sandy beaches (which locals recommends choosing the beach depending on the direction of the wind) and verdant vegetation with countless creeks and capes, satisfying every taste: busy or quiet, accessible through the central road network, through dirt roads or scenic paths. During the 19th century, Tinos used to have more than 60 thorps but some of them were abandoned, more than 40 are currently located all over the island. This multitude of villages is a rare phenomenon compared to other islands of the Cyclades of similar size. The island is mostly rocky ground. There are large amounts of granite, schist and white and green marble. The flora consists of bushes and trees as well as aromatic plants (sage, chamomile, oregano, caper etc.) The fauna consists of pigeons, rabbits, hares, partridges, and several migratory birds (turtledoves, quails and more) with a passage duration between September and February. The economy of the island depends mostly on agriculture, seafaring, fishing, and tourism (mostly during the summer), but also on the unique green marble and several other stone sorts, which are on the list of the products exported, along with vegetables, fruit, potatoes, dairy products.

Since the 20th century Tinos has been the center of basketry creations made by hampers and panniers for the needs of farmers, fisherman and pilgrims. This basket weavers are still made in the village of Volax. One of the top attractiveness in the Greek islands is to watch the sunset; in Tinos the sunset sets towards the village of Mali on the northeast edge of the island as well as overlooking the beach of Gastria on the southwest part. Pyrgos, Kardiani and Isternia are the most characteristic villages of the Island, with a long tradition in marble carving. The rocky cliff of Exomvourgo used to be the heart of the island in the early years if the Ottoman Empire.

Marble carving began in the Cyclades more than five thousand years ago. Since then, Naxos, Paros and Tinos remain the most famous centers for marble carving in Greece. Tinos has also a cheese factory, operating since 1981, that it produces a wide variety of famous and authentic local dairy products.

INDICATIVE MAP OF TINOS ISLAND

Tinos has a pleasant climate dry and mild climate in general. Heat and frost are rare perhaps because the island is one of the windiest. Rains in Tinos last from March to October, usually of short duration. The temperature rarely falls below 10°C in winter or exceeds 35°C in summer.

Demand Generators

Tourism is an important element of the island's economy. The overall tourism season is limited to only four months (late May to late September) with peak visitation occurring in August. Tinos is an ideal destination for every traveler, because it combines various contrasting natural elements such as hills and plains, mountain and sea. The mild climate of the island favors any kind of activity, while the strong summer winds justify the naming of Tinos as "The island of Aeolus". In 2018, Tinos was honored at the World Travel Awards for its culture, gastronomy, beaches, sites and hospitality and it was named "Greece's Leading Guest Experience Destination".

Some of Tinos' major attractions are the following:

- The Monastery of Panagia Megalohari, it is the most important religious pilgrimage center and the saint protector of Greece. Annunciation Virgin Mary takes place every 25th March in the monastery of Panagia Megalohari. On the 15th August the Assumption of the Virgin is celebrated, and it lasts for two days consisting of numerous ceremonies in the church of Panagia. Pilgrims from all over Greece visit Tinos to celebrate both of the aforementioned days while the presence of pilgrims is evident almost all throughout the year.
- The Monastery of Ursulines located just eight kilometers north from Tinos town. Jesuits and Ursulines monks created various monasteries

in this village, including the Monastery of Ursulines in 1862. The Monastery of Jesuits, dating back to 1840, it is considered the most important site of the village.

- Sanctuaries of Poseidon and Amphitrite was one of the most important places of worship of Ancient Greece. The sanctuaries had been discovered close to the village of Kionia. During the 5th century BC, Tinos flourished as a center of worship to Poisedon while the reconstruction of the temple expanded the worship to Amphitrite, Poseidon's wife, and deity of feminine fertility in the 3rd century BC. According to Strabo, the temple was considered as "Great and worthy of a Goddess".
- Mesi village is right in the middle of Tinos. The name of the village Mesi comes from the location, "Pentostrato" (meaning five streets) where the five main roads, leading to all areas of Tinos, are met. It has traditionally been a rural village. At the entrance of the village there is the Church of the Archangels. The monastery of St. Francis was founded in 1670 and was the first Roman Catholic monastery on the island. It is the focal point for hiking at the plateau surrounded by Tsiknias and Xobourgo. It is located 10,5 km away from the town of Tinos.
- Village of Pyros is the village of artists located on the north side of the island. Considered as one of the most beautiful villages in Cyclades, Pyrgos has been declared as a protected traditional settlement by the Ministry of Culture. This is the homeland of numerous sculptors. In this village you can find the two most prominent museums; the Marble Craft Museum which presents the long history of marble crafting of Tinos from ancient times until today while the Museum of Giannoulis Halepas is dedicated to the one of the most notable marble sculptors of the country.
- Numerous local events are organized in Tinos including Artichoke Festival of Koimi in May, the Caper Festival of Steni in July, the Honey Festival of Kambos and the Raki Festival of Flatados in September. Other events are the Revival of Trawl in Kionia village celebrated on August followed by traditional music, wine and seafood.
- Lastly, Tinos is well known for its ideal conditions for windsurfing. Summers are usually very windy thus attracting windsurfing lovers to the island. The beach of Kolibithra is the best to practice this sport. Other beaches include the bay of Livada, Agios Fokas and Kionia.

Accessibility

Tinos is accessible by boat from the harbors of Pireaus and Rafina, the two largest ports of Athens. The boat trip to Tinos lasts:

a. between four hours and 30 minutes and seven hours aboard conventional ferry

b. between two hours and 30 minutes and three hours and 30 minutes aboard High-speed ferry

The quickest way to get to Tinos is from the harbor of Rafina, a 30-minute drive from Athens airport. Tinos is also connected with the islands of Andros, Delos, Kythnos, Mykonos, Syros and Naxos amongst others. Another option to get to Tinos is to arrive at Mykonos airport and then take a ferry from Mykonos port to Tinos, which occurs daily and lasts approximately one hour.

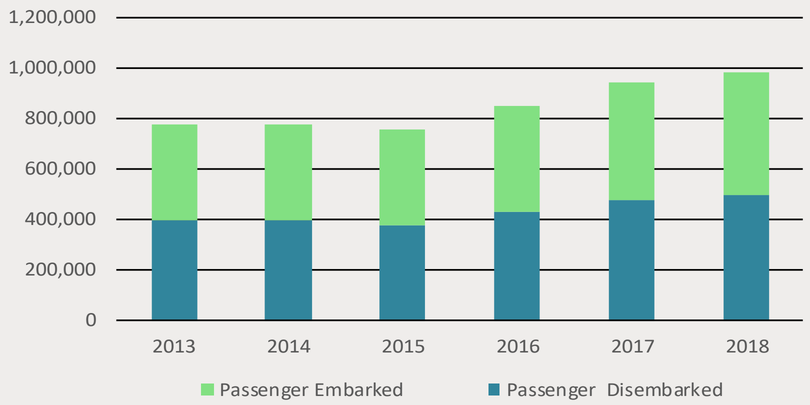
Seaport Statistics - Port of Panormos

Tinos seaport is located in Panormos, which is 27 km away from the town of Tinos. The port of Panormos played a catalytic role in shipping and trade until the early 1960s. It was a transfer station for exported products (mostly marble from the village of Exo Meria) and imported goods (mainly wheat, which supplied the windmills).

Table 3-1 summarizes the total passenger embarked and disembarked at the aforementioned seaport for the past six years.

TABLE 3-1 TOTAL PASSENGER DISEMBARKED AND EMBARKED AT TINOS SEAPORT 2013-18

Year	Total	% Change	Passenger Disembarked	% Change	Passenger Embarked	% Change
2013	777,284	—	392,849	—	384,435	—
2014	774,656	(0.3) %	392,965	0.0 %	381,691	(0.7) %
2015	757,105	(2.3)	372,193	(5.3)	384,912	0.8
2016	850,208	12.3	425,813	14.4	424,395	10.3
2017	941,746	10.8	472,294	10.9	469,452	10.6
2018	984,607 *	4.6	495,250	4.9	489,357	4.2
Year-to-June						
2017	562,271	—	282,268	—	280,003	—
2018	578,115	2.8 %	286,240	1.4 %	291,875	4.2 %



Compound Annual Growth Rate 2013-18	**4.8 %**	**4.7 %**	**4.9 %**

* HVS estimate
Source: Hellenic Statistical Authority

Total number of passengers arriving to the island via domestic ferries has been gradually growing over the examined period (2013-18). Most of these arrivals are domestic pilgrims visiting the island's prominent church dedicated to Virgin Mary. The increase from 2016 onwards is mainly attributed to the increase of high-speed vessels operating from Rafina port making the connection to the island more pleasant and convenient.

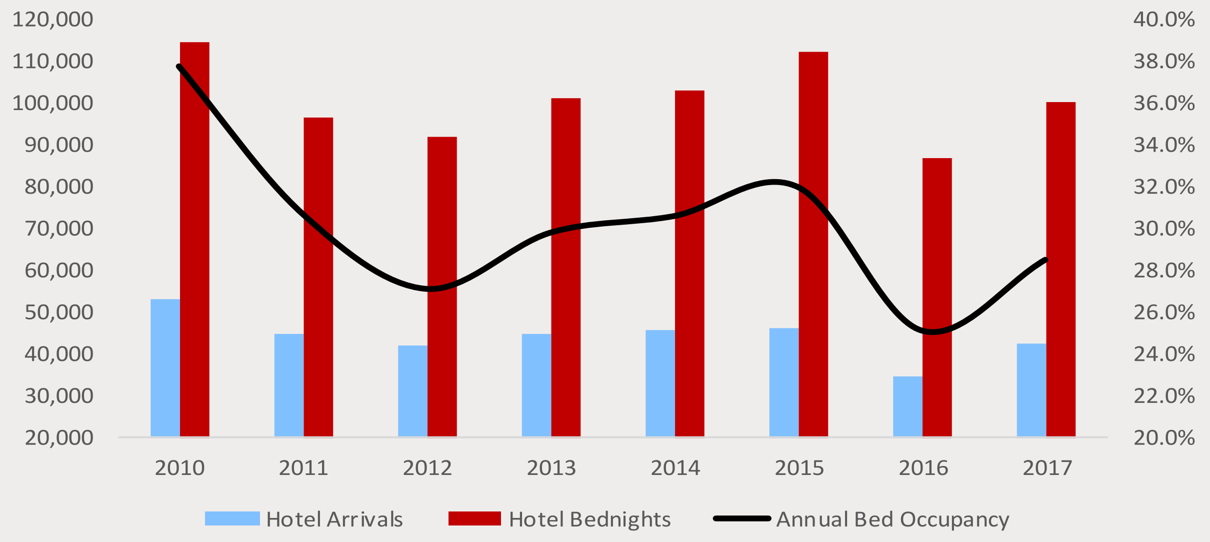
Total passenger movements in Tinos grew at a healthy CAGR of 4.8% during the past six years. During the period 2013-18 passenger disembarked and embarked in Tinos, with scheduled ferries, recorded CAGRs of 4.7% and 4.9%, respectively. This could be partly attributed to the convenient connectivity of the island with frequent scheduled ferries and its relatively close to the main port of Piraeus in relation with other more isolated Cycladic islands.

Tourism and Visitation

Arrivals and accommodated bednights at hotels, average length of stay and annual occupancy in Tinos during the period 2010-17 is presented in the following table.

TABLE 3-2 ARRIVALS AND ACCOMMODATED BEDNIGHTS TO HOTELS, AVERAGE LENGTH OF STAY AND ANNUAL OCCUPANCY, TINOS 2010-17

Hotel Arrivals	2010	2011	2012	2013	2014	2015	2016	2017	Compound Annual Growth Rate 2010-17	% Share of Total (2017)
Domestic	50,012	41,776	39,465	41,559	42,128	43,921	31,539	38,246	(3.8) %	0.9 %
International	3,101	3,165	2,379	3,039	3,539	2,088	2,889	4,202	4.4	0.1
Total	**53,113**	**44,941**	**41,844**	**44,598**	**45,667**	**46,009**	**34,428**	**42,448**	**(3.2)**	**100.0 %**
Hotel Bednights	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**		
Domestic	106,523	87,869	85,642	92,123	92,733	104,502	76,654	86,115	(3.0) %	0.9 %
International	8,351	8,648	6,414	9,181	10,455	7,886	10,505	14,115	7.8	0.1
Total	**114,874**	**96,517**	**92,056**	**101,304**	**103,188**	**112,388**	**87,159**	**100,230**	**(1.9)**	**100.0 %**
Average Length of Stay (days)	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**		
Domestic	2.1	2.1	2.2	2.2	2.2	2.4	2.4	2.3		
International	2.7	2.7	2.7	3.0	3.0	3.8	3.6	3.4		
Total	2.2	2.1	2.2	2.3	2.3	2.4	2.5	2.4		
Annual Bed Occupancy	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**		
	37.8%	30.7%	27.1%	29.8%	30.6%	32.0%	25.1%	28.5%		



Source: Hellenic Statistical Authority

An average of over 91% of the total accommodated hotel bednights in Tinos Island have traditionally been of domestic nature. The total number of accommodated bednights has experienced a fluctuating trend over the past eight years with a compound annual decline rate of 3.7%, primarily driven by the decrease of the domestic bednights at 3.8% as affected by the Greek economic crisis since 2010.

According to local hoteliers, the decline in 2016 is mainly attributed primarily to the pension cuts that were implemented thus, severely affecting elder people that constitute a large proportion of the island's inbound tourism but also to the commencement of the aforementioned high-speed ferry routes that allow for people to make convenient day trips to Tinos instead of spending a night on the island.

International arrivals and accommodated bednights have grown over the examined period with a CAGR of 4.4% and 7.8%, respectively starting from a very low base though.

Average length of stay for international visitors is 3.1 nights while the average length of stay for domestic visitors is 2.2 nights. Annual bed occupancy experienced fluctuations, decreasing from 37.8% in 2010 to 28.5% in 2017 mainly due to the decreasing demand rather than an increase in supply.

Hotel Supply

The following table illustrates hotel supply in Tinos over the past eight years.

TABLE 3-3 HOTEL SUPPLY – TINOS 2011-18

	2011	2012	2013	2014	2015	2016	2017	2018	Compound Annual Growth Rate 2011-18	
Number of Hotels										
Five-Star	-	-	-	-	-	-	-	-	-	
Four-Star	4	4	4	4	4	4	4	5	3.2	%
Three-Star	13	13	13	13	13	13	13	15	2.1	
Other	24	23	24	26	26	24	23	21	(1.9)	
Total	**41**	**40**	**41**	**43**	**43**	**41**	**40**	**41**	**0.0**	**%**
Room Capacity										
Five-Star	-	-	-	-	-	-	-	-	-	
Four-Star	276	276	276	276	276	276	276	310	1.7	%
Three-Star	297	297	297	297	300	300	304	374	3.3	
Other	603	583	595	625	625	595	587	522	(2.0)	
Total	**1,176**	**1,156**	**1,168**	**1,198**	**1,201**	**1,171**	**1,167**	**1,206**	**0.4**	**%**
Bed Capacity										
Five-Star	-	-	-	-	-	-	-	-	-	
Four-Star	511	511	511	511	511	511	511	585	2.0	%
Three-Star	576	576	576	576	581	581	589	745	3.7	
Other	1,106	1,068	1,103	1,151	1,151	1,103	1,091	982	(1.7)	
Total	**2,193**	**2,155**	**2,190**	**2,238**	**2,243**	**2,195**	**2,191**	**2,312**	**0.8**	**%**

Source: Hellenic Chamber of Hotels

The island is evidently not a luxury destination. Tinos features a very limited number of four-star hotels and there are no hotels associated with/managed by an international brand; they are usually owned and operated by local hoteliers. The majority are hotels classified as three-, two- and one-star properties.

Hotels of lower classification dominate the market; however, four-and three-star properties recorded a small increase in their respective number of units in 2018 over prior years. The average size of four-star properties for 2018 is 62 rooms and 117 beds. Supply of three-star hotel properties experienced a significant increase against the decrease in the one- and two-star categories.

CONCLUSION

Tinos, the island of art and beauty and the birthplace of artists, has been representing a different style/type of tourism, compared to other Cycladic, perhaps more cosmopolitan, islands. Religion is an additional motive to travel and visit the fourth largest island in Cyclades the island being a significant "holy place" amongst Greeks. Despite the attractiveness of the island, it was only recently that Tinos has managed to record some healthy growth pattern in terms of tourism development. The domestic visitation and accommodated bednights at hotels in Tinos, representing approximately 95% of the island's total visitation in 2010, were deeply affected by the unfortunate results of the Greek economic crisis. Nowadays, international travelers record a moderate growth, perhaps driven by the generally positive results of Greek tourism, whereas domestic visitation is supposed to rebound since the domestic economy has stabilized and show some first signs of recovery since 2017.

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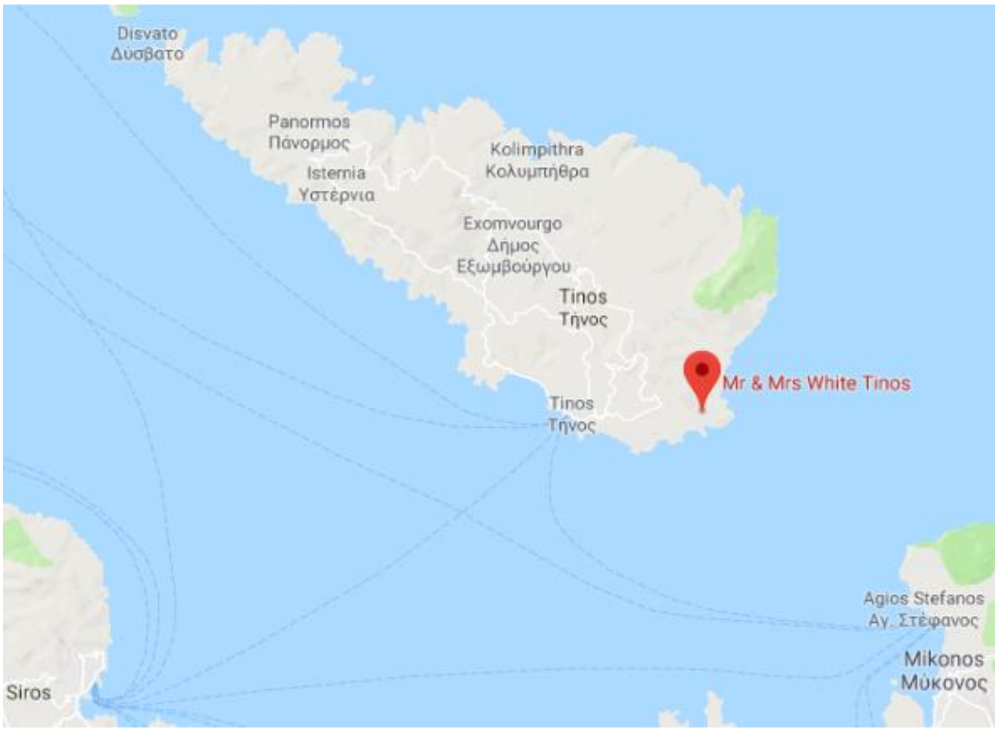
4. Description of the Facilities

LOCATION

A hotel's site and its location within a specific neighbourhood can have a direct impact upon the hotel's performance relative to a competitive market. The following paragraphs describe the location of the subject Hotel in relation to its immediate surroundings and its market area, as described in Section 3. Following this site and location analysis, the subject Hotel's physical facilities are described in detail.

The subject property is located at the southeast side of the island of Tinos in Ormos Agiou Ioanni, approximately seven kilometers to the east of the main town of the island.

LOCATION OF THE SITE



Size and Topography of the Site

According to the topographic chart provided, the subject Hotel is developed on a parcel that measures in total 7,877 m^2

The topography of the land is generally flat and smoothly sloping towards the south; suitable though for the development of a hotel. Due to this elevation difference, most of the rooms provide unobstructed views towards the sea to the south or to the surroundings.

AERIAL PHOTO OF THE SITE

VIEW FROM THE SITE TO THE SOUTH

Environmental Issues

No detrimental environmental factors were reported by the property's management. Following our enquiries, we understand that the Hotel's site has been used for hotel purposes for a sufficient period of time so as to be considered low risk in terms of site contamination. However, we are not qualified to provide further advice on this issue and we recommend that you seek the advice of suitably qualified environmental consultants.

Neighbourhood and Surrounding Land Use

The neighbourhood surrounding the site of the subject development is called Ormos Agiou Ioanni. It is located in the outskirt of Tinos that is the main point of the island. In general, this neighborhood is characterized by low rise residences and its proximity to sandy beaches. A number of food and beverage outlets exist towards the beach whereas the area is mainly dominated by lodging facilities and furnished apartment complexes for rent.

Access and Visibility

Regional access to the property is provided through the main road that connects the town of Tinos to Agios Ioannis through the villages of Agios Fokas and Agia Varvara. The port is located in the center of the town of Tinos.

Air transportation to Tinos is not provided. The closest airport is in Mykonos and a cruise ship will take approximately one hour.

Vehicular local access is provided by a narrow local road that connects the property with the Tinos – Agios Ioannis road.

The subject property is not clearly visible from the main road due to its position but adequate signage is placed on the main local road leading to the Hotel.

Conclusion – Location

We have analyzed the issues of size, topography, access, and visibility. In general, the site is well-suited for a resort-type hotel use, located on a non-beachfront location, but offering elevated views towards the sea while providing convenient access to Tinos, the surrounding beaches, and generally featuring very good regional and local access to the demand generators of the island.

HOTEL FACILITIES

The quality of a hotel's physical facilities has a direct influence on its marketability and attainable occupancy and average rate. The design and functionality of the structure can also affect operating efficiency and overall profitability. The following paragraphs describe the Hotel's physical premises and facilities in an effort to determine how they contribute to its total value.

Property Overview

The Hotel is a four-star property with 60 guest rooms, a restaurant, a lounge, a bar , and an outdoor pool, a library appropriate back-of-the-house facilities. As of May 2019, the Hotel will feature an additional number of suites, currently under construction, thus operating with 60 rooms in total. The Hotel is not affiliated with any marketing consortium or any other brand name. Nonetheless, Mr&Mrs White is a brand recently-established by HotelBrain (the current owners and operators of the subject Hotel) that has under its umbrella four properties in various Greek destinations (Tinos, Paros, Corfu, and Crete) and although at its infant stage of development, it has managed to build some reputation around its name.

Summary of the Facilities

The Hotel comprises of three different buildings/wings and was constructed according to the 383/09-06-1989 building permit while additional five rooms were constructed based on an updated building permit (4386/1990).

It should also be noted that currently there are on-site construction works in progress for the purposes of developing additional seven suites. More specifically, from May 2019 onwards, the Hotel will feature three additional Unique White Suites and four additional Honeymoon Suites with Outdoor Jacuzzi.

From our inspection and based on information provided by the client and the management of the subject Hotel, the following table summarises the facilities available at the Hotel.

TABLE 4-1 SUMMARY OF THE FACILITIES –MR&MRS WHITE TINOS HOTEL

Guest Room Configuration	Number of Units	Approximate Area (m²)
Basic Standard Room	3	19
Premium Double Graden View	17	19
Superior Double Sea View	14	19
Junior Suite Upper Floor Sea View	17	22
Unique White Suite Sea View	4	30
Honeymoon Suite Outdoor Jacuzzi	5	37
Total/Average	**60**	**22**

Food and Beverage Facilities	Seating Capacity	Approximate Area (m²)
Breakfast Area	100	100
Restaurant / Bar	110	150
Total	**210**	**250**

Meeting and Banqueting Facilities	Maximum Capacity (Persons)	Approximate Area (m²)
Multi-Function Room	15	25
Total		**25**

Amenities

Outdoor Swimming Pool 166 m²
Spa/wellness area: 120 m² with four treatment rooms, one nail salon, hammam, sauna

Infrastructure

Parking Spaces:	30 outdoor
Lifts:	1 guest, 1 service

Source: Site visit

Capital Expenditure

For the purposes of this report, we have assumed that the Hotel will be maintained in a competitive condition over its economic life. Furthermore, we have assumed that the related, necessary capital expenditure will be funded by a reserve for replacement. An amount equal to 2.0% of annual gross revenue in first projection year, 3.0% in the second projection year, and 4.0% annually thereafter will be deducted from our forecast of income and expense in recognition of the ongoing cost of maintaining the facilities.

Conclusion – Hotel Facilities

We have analyzed the site, and the existing facilities and amenities and note the following advantages and disadvantages.

Following its renovation, the subject Hotel was notably upgraded in terms of physical product and service, comparable only to the other similar four-star hotels in Tinos. The Hotel is also one of the few professionally managed lodging facilities in Tinos. As such, it benefits from the operator's distribution channels, revenue management practices and brand awareness. The Hotel might be distant from the sea, but it compensates its guests with well-designed rooms and facilities most of which offer sea views.

5. Supply and Demand

Under the economic principle of supply and demand, price varies directly, but not proportionately, with demand and inversely, but not proportionately, with supply. In the hotel industry, supply is measured by the number of guest rooms available, and demand by the number of guest rooms occupied; the net effect of supply and demand towards equilibrium results in a prevailing price, or average rate. The purpose of this section is to investigate current supply and demand trends as indicated by the current competitive market, and set out a basis for the projection of future supply and demand growth.

SUPPLY

An integral component of a market area's supply and demand relationship that has a direct impact on performance is the current and anticipated supply of competitive hotel facilities. To evaluate an area's competitive environment, the following steps should be taken.

- Identify the area's hotel facilities and determine which will become directly and indirectly competitive with the subject Hotel;
- Determine whether additional hotel rooms (net of attrition) will enter the market in the foreseeable future;
- Quantify the number of existing and proposed hotel rooms available in the market;
- Review the rate structure, occupancy, market orientation, facilities and amenities of each competitor.

Definition of the Subject Hotel's Market

From an evaluation of the occupancy, rate structure, market orientation, chain affiliation, location, facilities, amenities, reputation and quality of the area's hotels, we have identified several properties that could be considered as directly comparable with the subject Hotel. Some of the hotels included in our sample are secondarily comparable. Although the facilities, rate structures or market orientations of these hotels prevent their inclusion among the supply of direct comparables, their performance can provide a benchmark as to the projected occupancy and average rate levels of the subject Hotel.

Conclusion

The evaluation of the market orientation, chain affiliation, location, facilities, amenities, reputation, and quality of the area's hotels result in the following conclusions:

- The current lack of nationally or internationally branded upscale properties in the region;
- The majority of the existing properties rely heavily on the management efficiency of their owners (usually local families) and most of them are of a good condition;

- There are a few examples in Tinos, of hotel properties that succeed in differentiating themselves and being positioned on the higher spectrum of the market by offering larger rooms and taking advantage of the rather short operating period that could be mostly characterised as a "continuous high-season";
- The Individual Leisure business is anticipated to remain the main market segment for the area of Tinos mainly based on domestic travellers that anyway represent the highest portion of the island's inbound visitors; the positioning of the subject Hotel should be differentiated to the highest possible level and positioned above the majority of the "traditional" hotels while trailing the considerably smaller boutique properties that offer significantly larger rooms though;

DEMAND

For the purpose of the demand analysis, the overall market is divided into individual segments based on the nature of travel. Although a market may have various segments, the three primary classifications occurring in most areas are commercial, meeting and group, and leisure.

The segmentation of a market is a useful procedure because individual classifications often exhibit unique characteristics in terms of growth potential, seasonality of demand, average length of stay, double occupancy, facility requirements, price sensitivity, and so forth. By quantifying the room night demand by market segment and analysing the characteristics of each segment, the demand for transient accommodation can be projected. Hotel demand in the Tinos area is generated primarily by the following two market segments.

Segment 1	Individual Leisure
Segment 2	Group Leisure

Conclusion

The purpose of segmenting hotel demand is to define each major type of demand, identify customer characteristics and estimate future growth trends. Starting with an analysis of the local area, two segments were defined as being representative of the competitive market. Various types of economic and demographic data were then evaluated to determine their propensity to reflect future changes in hotel demand. Using this procedure we have made the following forecast of market segment growth rates. These growth rates are used to forecast changes in hotel demand.

We consider that the stabilised marketwide annualised occupancy for Tinos is approximately 30% (or 78% calculated on approximately 140 operating days depending on the size of the Hotel and its market positioning), and, from our knowledge of the projected market fluctuations in supply and demand, we expect that the market will reach this level of occupancy in 2021. This stabilised occupancy is intended to reflect the anticipated results of the market excluding from consideration any abnormal relationship between supply and demand and non-recurring conditions that may result in unusually high or low occupancies. Although the marketwide occupancy may rise above this stabilised level, we consider it equally possible for new competition and temporary economic downturns to force occupancy below this selected point of stability.

6. Projection of Occupancy and Average Rate

PROJECTIONS OF OCCUPANCY AND RATE

Along with average rate results, the occupancy levels achieved by a hotel are the foundation of the property's financial performance. Most of a hotel's other revenue sources (such as food, beverages, and telephone income) are driven by the number of guests; many expenses also vary with occupancy.

To a certain degree, the occupancy achieved can be manipulated by management. For example, hotel operators may choose to lower rates in an effort to maximise occupancy. Our forecasts reflect an operating strategy that we consider would be implemented by a typical, professional hotel management team to achieve an optimal mix of occupancy and average rate.

Our methodology for establishing the demand for accommodation at the subject Hotel was based on the following points:

- We determined the anticipated percentage breakdown between weekday and weekend demand by market segment;
- We classified the seasonality of the demand by month and by market segment;
- An estimated average length of stay in days was determined based on the expected seasonality by month for each market segment;
- These parameters resulted in calculating the anticipated occupancy by weekday and weekend, the average monthly occupancy, and the total weighted-average occupancy for each year.
- It is assumed that the Hotel will operate on a seasonal basis for approximately 140 days (15 May – 30 September);
- Room nights generated from the Individual Leisure segment are projected to increase more than the room nights generated by the Contract segment, reflecting the resort's higher penetration and appeal in this specific market;

We have chosen to use a stabilised annualised occupancy of 30%. The stabilised occupancy is intended to reflect the anticipated results of the property over its remaining economic life, given any and all changes in the life cycle of the Hotel. Thus, the stabilised occupancy excludes from consideration any abnormal relationship between supply and demand, as well as any non-recurring conditions that may result in unusually high or low occupancies. Although the subject property may operate at occupancies above this stabilised level, we consider it equally possible for new competition and temporary economic downturns to force the occupancy below this selected point of stability.

FORECAST OF AVERAGE RATE

One of the most important considerations in the operation of a lodging facility is a supportable forecast of its attainable average rate, which is more formally defined as the average rate per occupied room. Average rate can be calculated by dividing the total rooms revenue achieved during a specified period by the number of rooms sold during the same period. The projected average rate and the anticipated occupancy percentage are used to forecast rooms revenue, which in turn, provides the basis for estimating most other income and expense categories.

Competitive Positioning

The subject Hotel's average room rate will be projected using a competitive positioning method. Previously, we indicated the average rates achieved by the examined competitive set. These rates establish a range that reflects certain characteristics of the specific market, such as price sensitivity, demand orientation, and occupancy. The subject property's average rate is then positioned to those of the hotels to which it will be most similar in terms of size, quality, facilities, amenities, market orientation, location, management, image, and affiliation. Adjustments are made to reflect any relevant differences.

The average room rate was determined by first establishing a currently-anticipated average room rate based on the historical performance of similar hotels in Tinos. Throughout our projection period, the average room rate is assumed to increase at the annual inflation rate of 1.5%.

CONCLUSION – HOTEL OCCUPANCY AND AVERAGE RATE

From the preceding analysis, the subject Hotel's occupancy and average rate have been estimated. These projections reflect years beginning in 2019, corresponding to the first projection year for the subject Hotel's forecast of income and expense.

The subject property's overall occupancy falls within range of the competitive set and in between to that of the traditional hotels and the higher rated all-suite hotels in our competitive set. Based upon our research and analysis as well as our experience in the market, we would expect a positive trend for average rate growth in the future for the competitive market due to the restricted supply of hotel rooms.

The subject property's appealing physical product, and the presumable operations management by an efficient hotel operator is assumed to establish it as a high-quality lodging facility against its competitors in the region while it is anticipated to charge a premium on the price of most of the competing hotels but always follow the most expensive hotels of the competitive set by virtue of its non-beachfront location.

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7. Projection of Income and Expense

Using our preceding projection of occupancy and average rate, and our knowledge of comparable hotels' financial operating profiles, we have developed a ten-year forecast of income and expense starting on 2018. We have selected an annual inflation rate of 1.5%, based on estimates made by the Economist Intelligence Unit.

The forecast of income and expense is expressed in inflated euro as of the date of each projection year. The stabilised year is intended to reflect the anticipated operating results of the Hotel over its remaining economic life, given any or all applicable stages of build-up, plateau and decline in the life cycle of the Hotel. Thus, income and expense estimates from the stabilised year forward exclude from consideration any abnormal relationship between supply and demand, as well as any non-recurring conditions that may result in unusual revenues or expenses.

Comparable Operating Statements

In forecasting the subject Hotel's operating performance, we have reviewed the income and expense statements from hotels that are considered to be comparable to the subject Hotel. We have analysed the statements individually, and have relied on the most comparable data in developing our forecast of income and expense for the subject Hotel.

Premise of the Forecast

The forecast of income and expense is intended to reflect our subjective estimate of how a typical buyer would project the subject property's future operating results. Depending on the dynamics of the local market, a typical buyer's projection may be adjusted up or down. We have attempted to consider these factors in formulating this forecast.

Analysis of Fixed and Variable Components

The model that HVS uses to project a hotel's revenue and expenses is based on the premise that hotel revenues and expenses have one component that is fixed and another that varies directly with occupancy or facility use. A projection can be made by taking a known level of revenue or expense and calculating the fixed and variable components. The fixed component is adjusted only for inflation, whereas the variable component is also adjusted for the percentage change between the projected occupancy and facility use that produced the known level of revenue or expense.

FORECAST OF INCOME AND EXPENSES

The projection of income and expense is intended to reflect our judgement of how a typical upscale hotel management company would project the Hotel's operating results. Based on the analysis that has been detailed throughout this section, we have formulated a forecast of income and expense. The subject Hotel's Gross Operating Profit is forecasted at about 40.7% of total revenue by the stabilized year whereas the Earnings before Interest, Taxes, Depreciation, and Amortisation are forecasted at approximately 29.9% of total revenue.

The operations of the hotel are assumed to be stabilised by the end of the fourth year after its repositioning that took place in 2018. The demand for accommodation is also expected to stabilise by that time. The forecasts pertain to years beginning on 2019 and are expressed in inflated Euros for each year. Both tables illustrate the Hotel's projected operating results on a seasonal basis, assuming approximately 140 days of operation.

8. Valuation

Approaches to Value

In evaluating property to assess its Market Value, the professional valuer has three approaches from which to select: income capitalisation, cost, and sales comparison. The most relevant of these three is the income capitalisation approach.

INCOME CAPITALISATION APPROACH

We have used a leveraged discounted cash flow in estimating the value of the Hotel by the income capitalisation approach.

Discounted Cash Flow Analysis

We have run a discounted cash flow analysis, using a total property yield of 10.6%. All projections are expressed before any deduction for corporate tax.

Capital Deduction

No capital deduction is assumed in our analysis, beyond the already forecast reserve for replacement since the ongoing renovation works reportedly budgeted at approximately €300,000 are in progress and they are going to finish before the opening of the Hotel which is planned for 24 May 2019.

SALES COMPARISON APPROACH

Based on our market research and on information provided to us by industry experts, we have considered several numerous hotel transactions in Greek leisure destinations segment that, in most cases, do not exhibit some measure of comparability with the Hotel as they pertain in most cases larger hotel properties. When possible, we gave priority to transactions occurring in the same state or region as the subject property. We also considered factors such as operational and physical similarities to the subject property, including brand affiliation and revenue-generating characteristics. All of the data have been verified by HVS or obtained from a verifying source.

Given the complex nature of hotel assets, as well as the many variables within a hotel's operations, it is quite difficult to derive a specific numeric adjustment for an individual characteristic, and any adjustments extracted from sales are often distorted. As such, we have to rely partly on broader sets of data and our own experience when deriving adjustments. Comparable hotel sales are typically transacted less often and are spread over a wider geographical area than other commercial sectors, adding to the complexity of making quantitative adjustments.

Prior to adjustments, the comparable sales transacted for amounts ranging from €73,000 to €676,000 per room. Following quantitative and qualitative adjustments, the selected sales indicate a range of €42,000 to €101,000 per room.

Based on our review of the adjusted sales, we have selected a per key value of €61,000, which equates to a concluded value via the sales comparison approach of €3,700,000 for the 60-room subject property.

RECONCILIATION OF VALUE INDICATIONS

Reconciliation is the last step in the valuation process in which the final value is estimated from the various indications developed by the income capitalisation and sales comparison approaches. The relative significance, applicability and defensibility of each indicated value is analysed, with the greatest weight given to that approach deemed most appropriate for the property being valued. Based on the preceding data and analysis set out in this report, the following value indications were developed.

Approach	***Value Indication***
Income Capitalisation	*€2,900,000*
Sales Comparison	*€3,700,000*

Conclusion

Our international experience with numerous hotel buyers and sellers indicates that the procedures used in estimating the value by the income capitalisation approach are comparable to those employed by the hotel investors who constitute the marketplace. For this reason, we consider that the income capitalisation approach produces the most supportable value estimate, and it is given the greatest weight (85%) in our final estimate of the Hotel's Market Value which provides with a final value of €3,020,000 rounded at €3,000,000.

Based on the preceding analysis and our specialist experience in valuing hotels, we have given primary weight to the income capitalisation approach. It is our opinion that the Market Value of the freehold interest in the Hotel described in this report, as at 1 April 2019, is:

€3,000,000

THREE MILLION EURO

This value equates to approximately €50,000 a room for the 60-room Hotel.

Valuation Certainty

An opinion of value will always involve a degree of subjectivity and uncertainty that will affect the probability that the opinion of Market Value would be the same as the price achieved by an actual sale at the valuation date. As there is still less empirical transactional evidence on which to rely than there was before 2008, despite increased activity in the market, and given that some sales have been sold under administration and hence do not necessarily reflect improving market conditions, we consider it prudent to continue to comment on our level of confidence in the opinion of value reported herein.

The methodology employed in valuing a hotel depends on the accuracy of the historical trading results for the subject Hotel and the level and accuracy of information available in the marketplace in order to determine the current marketwide trading conditions, and to estimate the future trading potential of the subject Hotel.

We consider our projections of future income and expense to be appropriate when compared alongside those of similar properties, and therefore we consider the level of uncertainty attached to our opinion of value to be low.

However, the following should be specifically noted.

- There is very little published data in respect of the current trading performance of the market in which the subject Hotel operates;
- In the recent past, Greece went through a process of economic uncertainty but seems to have currently stabilised/recovered. It is not practically possible to predict whether a similar situation will happen again. However, we have assumed that the country will maintain its economic stability and growth within the next three to four years and we have based our projections of income and expense, as well as the specific valuation parameters, on these assumptions. If the economy enters again into a recessionary period or investment sentiment is negatively affected, this will materially change our assumptions and we reserve the right to amend them accordingly;
- The investment market for hotels in Tinos is generally not transparent, and therefore there are no comparable transactions against which we have been able to benchmark our opinion of value.

Addendum 1 – Statement of Assumptions and Limiting Conditions

1. This Summary Valuation Report has been prepared for BriQ Properties REIC for asset evaluation purposes. The information presented in this report should not be disseminated to the public or third parties without the express written consent of HVS.
2. The freehold interest in the Mr&Mrs White Tinos Hotel has been valued as at 1 April 2019.
3. We have checked our records, and there are no conflicts of interest with regard to our preparing this Summary Valuation Report.
4. No responsibility is assumed for matters of a legal nature, nor do we render any opinion as to title, which is assumed to be marketable and free of any deed restrictions and easements. The property is valued as though free and clear unless otherwise stated.
5. There are no hidden or unapparent conditions of the property, subsoil or structures that would render it more or less valuable. No responsibility is assumed for these conditions or any engineering that may be required to discover them.
6. No survey of the property has been made by the valuers and no responsibility is assumed in connection with such matters. Sketches, pictures, maps and other exhibits are included to assist the reader in visualising the property. It is assumed that the use of the land and premises is within the boundaries of the property described and that there is no encroachment or trespass unless noted.
7. This Valuation Report is not a structural survey and we therefore value on the assumption that the property is of sound design and construction, and free from any inherent defect. Aside from our routine enquiries, no detailed inspection or tests have been carried out by us on any of the services or items of equipment, therefore no warranty can be given with regard to their serviceability, efficiency, safety or adequacy for their purpose. We express no opinion or advice upon the condition of uninspected parts and our report should not be read as making any implied representation or statement about such parts. We have assumed that the property is in a good state of repair and condition and that there are no outstanding items of expenditure required.
8. All information (including financial operating statements, estimates, and opinions) obtained from parties not employed by HVS is assumed to be true and correct. No liability resulting from misinformation can be assumed by the valuers.

9. Unless noted, it is assumed that there are no encroachments or planning and building violations encumbering the Hotel.
10. It is assumed that the property is in full compliance with all applicable city, local and private codes, laws, consents, licences and regulations (including an alcohol licence where appropriate) and that all licences, permits, certificates, franchises and so forth can be freely renewed and/or transferred to a purchaser.
11. All mortgages, liens, encumbrances, leases and servitudes have been disregarded unless specified otherwise.
12. This report may not be reproduced in whole or in part without the permission of the valuers, nor shall the report be distributed to the public through advertising, public relations, news, sales, or other media without the prior written consent of the valuers.
13. We are not required to give testimony or attendance in court by reason of this valuation without previous arrangements and only when our standard per diem fees and travel costs are paid prior to the appearance.
14. If the reader is making a fiduciary or individual investment decision and has any questions concerning the material contained in this report it is recommended that the reader contact the valuers.
15. The valuers take no responsibility for any events, conditions or circumstances affecting the property's Market Value that take place subsequent to either the date of value contained in this report or the date of our field inspection, whichever occurs first. Market Value is defined as *'The estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.'*
16. The quality of a hotel facility's on-site management has a direct effect on a property's economic viability and Market Value. The financial forecasts presented in this valuation assume both responsible ownership and competent management. Any variance from this assumption may have a significant impact on the forecast operating results and value estimate.
17. The estimated operating results presented in this report are based on an evaluation of the current overall economy of the area and neither take into account nor make provision for the effect of any sharp rise or decline in local or economic conditions. To the extent that wages and other operating expenses may advance during the economic life of the property, it is expected that the prices of rooms, food, beverages and services will be adjusted to at least offset these advances. We do not warrant that the estimates will be attained, but they have been prepared on the basis of information obtained during the course of this study and are intended to reflect the expectations of typical investors.

18. Many of the figures presented in this report were generated using sophisticated computer models that make calculations based upon numbers carried out to three or more decimal places. In the interest of simplicity most numbers presented in this report have been rounded to the nearest tenth. Thus, these figures may be subject to small rounding errors in some cases.

19. Valuing real estate is both a science and an art. Although this valuation employs various mathematical calculations to provide value indications, the final estimate of value is subjective and may be influenced by the valuers' experience and other factors not specifically set forth in this report.

20. The freehold title to the Hotel would be readily marketable without any undue restrictions, covenants or conditions except where otherwise noted.

21. The relationship between the euro and other major world currencies remains constant as of the date of our field work.

22. While the information contained herein is believed to be correct it is subject to change. Nothing contained herein is to be construed as a representation or warranty of any kind.

23. We have specifically excluded the value of any antiques or items of fine art.

24. We have made no allowance for the repayment of any grants, which might arise in the event of development or disposal, deemed or otherwise.

25. The valuation contained within this report has been undertaken in accordance with the standards set out by the Royal Institution of Chartered Surveyors. Compliance with these standards may be subject to monitoring under the institution's conduct and disciplinary regulations. This valuation has been overseen by Pavlos Papadimitriou, MRICS. Pavlos has been with HVS since 2007, specialising in the valuation of hotels and all forms of leisure properties

26. The fee for this assignment has been set at a fixed rate, as described in our Letter of Engagement. In the event that any type of action becomes necessary to enforce collection of any monies owed to us, you will be responsible for all collection costs, including but not limited to court costs and reasonable legal fees.

27. Throughout this report, 'HVS' refers to the trading name of SG&R Valuation Services Company LLC, a United States of America limited liability company formed under the laws of the state of Delaware, the members of which are SR London Corporation and HEI International Inc (both United States of America corporations formed under the laws of the state of Delaware). The operations of SG&R Valuation Services Company in Greece are managed by Hospitality Consulting Services S.A.

Addendum 2 – Explanation of the Simultaneous Valuation Formula

The algebraic equation known as the simultaneous valuation formula, which solves for the total property value using a ten-year mortgage and equity technique, was developed by Suzanne R Mellen, CRE, MAI, Managing Director of the San Francisco office of HVS. A complete discussion of the technique is presented in her article.[8]

The process of solving for the value of the mortgage and equity components begins by deducting the annual debt service from the projected income before debt service, leaving the net income to equity for each year. The net income as of the eleventh year is capitalised into a reversionary value using the terminal capitalisation rate. The equity residual, which is the total reversionary value less the mortgage balance at that point in time and less any brokerage and legal costs associated with the sale, is discounted to the date of value at the equity yield rate. The net income to equity for each projection year is also discounted back to the date of value. The sum of these discounted values equals the value of the equity component. Because the equity component constitutes a specific percentage of the total value, the value of the mortgage and the total property can be computed easily. This process can be expressed in two algebraic equations that set out the mathematical relationships between the known and unknown variables using the following symbols.

[8] Suzanne R Mellen, 'Simultaneous Valuation: A New Technique,' *Appraisal Journal*, April, 1983.

NI	=	Net operating income available for debt service
V	=	Value
M	=	Loan to value ratio
f	=	Annual debt service constant
n	=	Number of years in the projection period
d_e	=	Annual cash available to equity
d_r	=	Residual equity value
b	=	Brokerage and legal cost percentage
P	=	Fraction of the loan paid off during the projection period
f_p	=	Annual constant required to amortise the entire loan during the projection period
R_r	=	Overall terminal capitalisation rate that is applied to net operating income to calculate the total property reversion (sales price at the end of the projection period)
1/Sn	=	Present worth of €1 factor (discount factor) at the equity yield rate

Using these symbols, the following formulas can be used to express some of the components of this mortgage and equity valuation process.

Debt Service – a property's debt service is calculated by first determining the mortgage amount that equals the total value (V) multiplied by the loan to value ratio (M). Debt service is derived by multiplying the mortgage amount by the annual debt service constant (f). The following formula represents debt service.

$$f \times M \times V = \text{Debt Service}$$

Net Income to Equity (Equity Dividend) – the net operating income to equity (d_e) is the property's net income before debt service (NI) less debt service. The following formula represents the net income to equity.

$$NI - (f \times M \times V) = d_e$$

Reversionary Value – the value of the hotel at the end of the tenth year is calculated by dividing the eleventh year's net operating income before debt service (NI^{11}) by the terminal capitalisation rate (R_r). The following formula represents the property's tenth-year reversionary value.

$$(NI^{11}/R_r) = \text{Reversionary Value}$$

Brokerage and Legal Costs – when a hotel is sold, certain costs are associated with the transaction. Normally, the broker is paid a commission and the attorney collects legal fees. In the case of hotel transactions, brokerage and legal costs typically range from 1% to 4% of the sales price. Because these expenses reduce the proceeds to the seller, they are usually deducted from the reversionary value in the mortgage and equity valuation process. Brokerage and legal costs (b), expressed as a percentage of reversionary value (NI^{11}/R_r), are calculated by application of the following formula.

$$b\,(NI^{11}/R_r) = \text{Brokerage and Legal Costs}$$

Ending Mortgage Balance – the mortgage balance at the end of the tenth year must be deducted from the total reversionary value (debt and equity) in order to determine the equity residual. The formula used to determine the fraction of the loan remaining (expressed as a percentage of the original loan balance) at any point in time (P) takes the annual debt service constant of the loan over the entire amortisation period (f) less the mortgage interest rate (i), and divides it by the annual constant required to amortise the entire loan during the ten-year projection period (f_p) less the mortgage interest rate. The following formula represents the fraction of the loan paid off (P).

$$(f - i)/(f_p - i) = P$$

If the fraction of the loan paid off (expressed as a percentage of the initial loan balance) is P, then the remaining loan percentage is expressed as 1 – P. The ending mortgage balance is the fraction of the remaining loan (1 – P) multiplied by the initial loan amount (M x V). The following formula represents the ending mortgage balance.

$$(1 - P) \times M \times V$$

Equity Residual Value – the value of the equity upon the sale at the end of the projection period (d_r) is the reversionary value less the brokerage and legal costs and the ending mortgage balance. The following formula represents the equity residual value.

$$(NI^{11}/R_r) - (b\,(NI^{11}/R_r) - ((1 - P) \times M \times V) = d_r$$

Annual Cash Flow to Equity – the annual cash flow to equity consists of the equity dividend for each projection year plus the equity residual at the end of the tenth year. The following formula represents the annual cash flow to equity.

$$NI^1 - (f \times M \times V) = d_e^1$$

$$NI^2 - (f \times M \times V) = d_e^2$$

$$NI^{10} - (f \times M \times V) = d_e^{10}$$

$$(NI^{11}/R_r) - (b\,(NI^{11}/R_r) - ((1 - P) \times M \times V) = d_r$$

Value of the Equity – if the initial mortgage amount is calculated by multiplying the loan to value ratio (M) by the property value (V), then the equity value is one minus the loan to value ratio multiplied by the property value. The following formula represents the value of the equity.

$$(1 - M)\ V$$

Discounting the Cash Flow to Equity to the Present Value – the cash flow to equity in each projection year is discounted to the present value at the equity yield rate ($1/S^n$). The sum of these cash flows is the value of the equity $(1 - M)\ V$. The following formula represents the calculation of equity as the sum of the discounted cash flows.

$$(d_e^1 \times 1/S^1) + (d_e^2 \times 1/S^2) + \ldots + (d_e^{10} \times 1/S^{10}) + (d_r \times 1/S^{10}) = (1 - M)\ V$$

Combining the Equations: Annual Cash Flow to Equity and Discounting the Cash Flow to Equity to the Present Value – the last step is to arrive at one overall equation that shows that the annual cash flow to equity plus the yearly discounting to the present value equals the value of the equity.

$$((NI^1 - (f \times M \times V))\ 1/S^1) + ((NI^2 - (f \times M \times V))\ 1/S^2) + \ldots$$

$$((NI^{10} - (f \times M \times V))\ 1/S^{10}) +$$

$$(((NI^{11}/R_r) - (b\ (NI^{11}/R_r)) - ((1 - P) \times M \times V))\ 1/S^{10}) = (1 - M)\ V$$

Because the property's value (V) is the only unknown, this equation can be readily solved.

Ten-Year Projection of Income and Expense – because the fixed and variable forecast of income and expense is carried out only to the stabilised year, it is necessary to continue the projection to the eleventh year. In most cases, net income before debt service beyond the stabilised year is projected at an assumed inflation rate. By increasing a property's revenue and expenses at the same rate of inflation, net income remains constant as a percentage of total revenue, and the euro amount escalates at the annual inflation rate. Hotel investors are currently using inflation rates of approximately 1.5% annually. The ten-year forecast of income and expense illustrates the subject property's net income, which is assumed to increase by 1.5% annually subsequent to the hotel's stabilised year of operation.

The following values are assigned to the variable components for the purposes of this valuation.

TABLE A2-1 SUMMARY OF KNOWN VARIABLES

Annual Net Operating Income	NI	See Ten-Year Forecast
Loan To Value Ratio	M	65 %
Interest Rate	i	4.00 %
Debt Service Constant	f	0.089941
Equity Yield	Y_e	17.0 %
Transaction Costs	b	1.5 %
Annual Constant Required to Amortise the Loan in Ten Years	f_p	0.123291
Terminal Capitalisation Rate	R_r	8.5 %

The following table illustrates the present worth of a €1 factor at the 17.0% equity yield rate.

TABLE A2-2 PRESENT WORTH OF €1 FACTOR AT THE EQUITY YIELD RATE

Year Ending	Present Worth of €1 Factor at 17.0%
2019	0.854788
2020	0.730663
2021	0.624562
2022	0.533868
2023	0.456344
2024	0.390077
2025	0.333433
2026	0.285015
2027	0.243627
2028	0.208250

Using these known variables, we must make the following intermediary calculations before applying the simultaneous valuation formula. The fraction of the loan paid off during the projection period is calculated as follows.

$$P = (0.0899411 - 0.0400) / (0.12329094 - 0.0400) = 0.599598$$

The annual debt service is calculated as f x M x V.

$$(f \times M \times V) = 0.0899411 \times 0.65 \times V = (0.05846172)V$$

Inserting the known variables into the hotel valuation formula produces the following.

(	179,000 -	0.05846 V)	x	0.85470085	+
(	247,000 -	0.05846 V)	x	0.73051355	+
(	277,000 -	0.05846 V)	x	0.62437056	+
(	282,000 -	0.05846 V)	x	0.53365005	+
(	286,000 -	0.05846 V)	x	0.45611115	+
(	290,000 -	0.05846 V)	x	0.38983859	+
(	295,000 -	0.05846 V)	x	0.33319538	+
(	299,000 -	0.05846 V)	x	0.28478237	+
(	304,000 -	0.05846 V)	x	0.24340374	+
(	308,000 -	0.05846 V)	x	0.20803738	+

(((313,000 / 0.085) - (0.015 x (313,000 / 0.085)) -

((1 - 0.599598) x 0.65 x V)) x 0.208037383) = (1 - 0.65)V

Like terms are combined as follows.

€1,976,458	- 0.326494V	=	(1 - 0.65)V
	€1,976,458	=	0.67649V
	V	=	€1,976,458 / 0.67649
	V	=	€2,921,620

Total Property Value as Indicated by the Income Capitalisation Approach (Say)	=	€2,900,000

Addendum 3 – Photos

MAIN ENTRANCE

COMMON OUTDOOR AREAS

COMMON OUTDOOR AREAS

LOBBY (PROFESSIONAL PHOTO)

ALL-DAY DINING (INDOOR AREA)

SWIMMING POOL

SWIMMING POOL (PROFESSIONAL PHOTO)

TYPICAL ROOM (PROFESSIONAL PHOTO)

TYPICAL ROOM (PROFESSIONAL PHOTO)

TYPICAL BATHROOM

VIEW TO THE SOUTH

NEW ROOMS (UNDER CONSTRUCTION)

KITCHEN