easyHotel plc ADMISSION DOCUMENT

easyHotel plc

ADMISSION DOCUMENT

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or about what action you should take, you should seek your own personal financial advice immediately from your stockbroker, solicitor, accountant, fund manager or other appropriate independent financial adviser, who is authorised under the Financial Services and Markets Act 2000 ("FSMA") who specialises in advising on the acquisition of shares and other securities.

This document comprises an admission document prepared in accordance with the AIM Rules for Companies. This document is not an approved prospectus for the purposes of section 85 of FSMA, has not been prepared in accordance with the Prospectus Rules published by the Financial Conduct Authority ("FCA") and a copy of it has not been, and will not be, delivered to the UK Listing Authority in accordance with the Prospectus Rules or delivered to or approved by any other authority which could be a competent authority for the purposes of the Prospectus Directive.

The Company and the Directors, whose names appear on page 5 of this document, accept responsibility for the information contained in this document, including individual and collective responsibility for the Company's compliance with the AIM Rules for Companies. To the best of the knowledge of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and contains no omission likely to affect the import of such information.

Application has been made for the Enlarged Issued Share Capital to be admitted to trading on the AIM Market of the London Stock Exchange plc ("AIM") ("Admission"). It is expected that Admission will become effective and that dealings in the Enlarged Issued Share Capital will commence on AIM on 30 June 2014. No application has been made, or is contemplated, for the Enlarged Issued Share Capital to be listed on any other recognised investment exchange.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority ("UKLA"). A prospective investor should be aware of the risks in investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on Admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The AIM Rules for Companies are less demanding than those of the Official List. Furthermore, neither the London Stock Exchange nor the UKLA has itself examined or approved the contents of this document.

The whole of this document should be read. Your attention is drawn, in particular, to Part I "Key Information" and Part III "Risk Factors" for a more complete discussion of the factors that could affect the Company's future performance and the industry in which it operates.

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easyHotel

(Incorporated and registered in England and Wales under the Companies Act 2006 with registered number 9035738)

Issue of 37,500,000 new Ordinary Shares at 80p per share
and
Admission to trading on AIM

Investec
Specialist Bank

Nominated Adviser, Bookrunner and Broker

The New Shares will, on Admission, rank *pari passu* in all respects with the Existing Ordinary Shares and rank in full for all dividends and other distributions declared, made or paid on Ordinary Shares after Admission. It is expected that Admission will become effective and that dealings will commence in the Ordinary Shares on 30 June 2014.

Investec, which is authorised by the Prudential Regulation Authority and regulated in the United Kingdom by the Prudential Regulatory Authority and the FCA, is acting as nominated adviser and broker to the Company in connection with the Placing and Admission and will not be providing advice to any other person in relation to the Placing and Admission or any other transaction or arrangement referred to in this document. Its responsibilities as the Company's nominated adviser under the AIM Rules for Nominated Advisers are owed solely to the London Stock Exchange and are not, under the AIM Rules for Nominated Advisers, owed to the Company or to any Director or to any other person in respect of his or her decision to acquire Ordinary shares in reliance on any part of this document. No representation or warranty, express or implied, is made by Investec as to any of the contents of this document (without limiting the statutory rights of any person to whom this document is issued). Investec will not be offering advice and will not otherwise be responsible to anyone other than the Company for providing the protections afforded to customers of Investec or for providing advice in relation to the contents of this document or any other matter. No liability is accepted by Investec for the accuracy of any information or opinions contained in, or for the omission of any material information from, this document, for which the Company and the Directors are solely responsible.

This document does not constitute an offer to sell or a solicitation or offer to buy or subscribe for Ordinary Shares unless permitted by applicable law and regulation. This document is not for distribution in the Prohibited Territories. The Ordinary Shares have not been and will not be registered under the United States Securities Act of 1933 (as amended) or under the securities legislation of the Prohibited Territories or in any country, territory or possession where to do so would contravene local securities laws or regulations and the Ordinary Shares may not be offered or sold directly or indirectly within the Prohibited Territories or to, or for the account of, or benefit of, any person within the Prohibited Territories. The distribution of this document in jurisdictions other than the United Kingdom may be restricted by law and therefore any person into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws in any such jurisdictions.

FORWARD LOOKING STATEMENTS

All statements, other than statements of historical facts, included in this document, including, without limitation, those regarding the Company's financial position, business strategy, plans and objectives of management for future operations or statements relating to expectations in relation to dividends or any statements preceded by, followed by or that include the words "targets", "believes", "expects", "aims", "intends", "plans", "will", "may", "anticipates", "would", "could" or similar expressions or the negative thereof, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the Company's control that could cause the actual results, performance, achievements of or dividends paid by the Company to be materially different from actual results, performance or achievements, or dividend payments expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company's net asset value, present and future business strategies and income flows and the environment in which the Company will operate in the future.

These forward-looking statements speak only as of the date of this document. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's expectations with regard thereto, any new information or any change in events, conditions or circumstances on which any such statements are based, unless required to do so by law or any appropriate regulatory authority.

MARKET AND FINANCIAL INFORMATION

The data, statistics and information and other statements in this document regarding the markets in which easyHotel operates, or easyHotel's position therein, are based on easyHotel's records or are taken or derived from statistical data and information derived from the sources described in this document.

In relation to these sources, such information has been accurately reproduced from the published information, and, so far as the Directors are aware and are able to ascertain from the information provided by the suppliers of these sources, no facts have been omitted which would render such information inaccurate or misleading.

Unless otherwise indicated, financial information in this document, including easyHotel UK's audited consolidated financial statements for the three years ended 31 December 2013 and six months ended 31 March 2014, and the notes to those financial statements, has been prepared in accordance with International Financial Reporting Standards. The Company was incorporated on 12 May 2014 and has not yet commenced operations and has no material assets or liabilities, therefore, no financial statements have been prepared as at the date of this document.

Various figures and percentages in tables in this document have been rounded and accordingly may not total.

Certain financial data has also been rounded. As a result of this rounding, the totals of data presented in this document may vary slightly from the actual arithmetical totals of such data.

All times referred to in this document are, unless otherwise stated, references to London time.

CONTENTS

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this document	25 June 2014
Admission expected to occur and dealings expected to commence in the Ordinary Shares on AIM	8.00 a.m. on 30 June 2014
Credit of Ordinary Shares to CREST accounts	8.00 a.m. on 30 June 2014
Despatch of definitive share certificates (where applicable)	by 14 July 2014

Notes:

Each of the dates in the above timetable is subject to change without further notice. References to all times are to London time.

PLACING STATISTICS

Placing Price	80.0 pence
Number of Ordinary Shares in issue immediately prior to Admission	25,000,000
Number of Placing Shares	31,551,275
Number of Loan Capitalisation Shares	5,948,725
Number of Ordinary Shares in issue immediately following Admission	62,500,000
Market capitalisation of the Company following Admission at the Placing Price	£50.0 million
Proportion of the Enlarged Issued Share Capital representing the Placing Shares	50.5%
Gross proceeds of the Placing receivable by the Company	£25.2 million
Total estimated net proceeds of the Placing to be received by the Company	£24.1 million
ISIN	GB00BN56KF84
SEDOL	BN56KF8

DIRECTORS, SECRETARY AND ADVISERS

Directors	Jan Gunnar Åstrand (*Part Time Executive Chairman*) Simon Paul Champion (*Chief Executive Officer*) Darren Mee (*Chief Financial Officer*) Scott Somervaille Christie (*Non-Executive Director*) Jonathan Stewart Lane (*Non-Executive Director*)
Secretary	Darren Mee
Registered Office	easyHotel House 80 Old Street London EC1V 9AZ
Company website	www.easyhotel.com
Nominated Adviser, Bookrunner and Broker	Investec Bank plc 2 Gresham Street London EC2V 7QP United Kingdom
Legal advisers to the Company	Stephenson Harwood LLP 1 Finsbury Circus London EC2M 7SH United Kingdom
Legal advisers to the Nominated Adviser	Travers Smith LLP 10 Snow Hill London EC1A 2AL United Kingdom
Auditors and Reporting Accountants	BDO LLP 55 Baker Street London W1U 7EU United Kingdom
Valuers	Savills Advisory Services Limited 33 Margaret Street London W1G 0JD United Kingdom
Registrar	Capita Registrars Limited The Registry 34 Beckenham Road Beckenham Kent BR3 4TU United Kingdom

DEFINITIONS AND TERMS

The following words and expressions shall have the following meanings in this document unless the context otherwise requires:

"**Accountant's Reports**"	BDO's report on historical financial information of easyHotel UK set out in Part IV of this document;
"**Act**"	Companies Act 2006, as amended;
"**Admission**"	admission of the Enlarged Issued Share Capital to trading on AIM and such admission becoming effective in accordance with Rule 6 of the AIM Rules for Companies;
"**AIM**"	the AIM market operated by the London Stock Exchange;
"**AIM Rules for Companies**"	the AIM Rules for Companies published by the London Stock Exchange governing admission to and the operation of AIM, as amended or re-issued from time to time;
"**AIM Rules for Nominated Advisers**"	the AIM Rules for Nominated Advisers setting out the eligibility, ongoing responsibilities and certain disciplinary matters in relation to nominated advisers, as amended or re-issued from time to time;
"**Articles of Association**" or "**Articles**"	the articles of association of the Company adopted on 24 June 2014, further details of which are set out in paragraph 3 of Part VI of this document;
"**BDO**"	BDO LLP;
"**Board**" or "**Directors**"	the directors of the Company whose names are set out on page 5 of this document;
"**Brand Licence Agreement**"	the agreement dated 24 June 2014 entered into between the Company and easyGroup IP, as described in paragraph 9.2 of Part VI of this document;
"**certificated**" or "**in certificated form**"	a share or other security which is not in uncertificated form (i.e. not in CREST);
"**Company**"	easyHotel plc;
"**Concert Party**"	easyGroup, Clelia Haji-Ioannou and Polys Haji-Ioannou (being the brother and sister respectively of easyGroup's founder, Sir Stelios Haji-Ioannou) together acting in concert for the purposes of the Takeover Code;
"**Corporate Governance Code**"	the UK Corporate Governance Code published in September 2012 by the Financial Reporting Council;
"**CREST**"	the computerised settlement system established under the CREST Regulations which facilitates the transfer of title to or interests in relevant securities (as defined in the CREST Regulations) in uncertificated form and in respect of which Euroclear UK & Ireland Limited is the operator (as defined in the CREST Regulations);
"**CREST Regulations**"	the Uncertified Securities Regulations 2001 (SI 2001/3755), as amended;

"**Disclosure and Transparency Rules**"	the Disclosure and Transparency Rules (in accordance with section 73(A)(3) of FSMA) being the rules published by the UK Financial Services Authority from time to time relating to the disclosure of information in respect of financial instruments which have been admitted to trading on a regulated market or for which a request for admission to trading on such a market has been made;
"**easyGroup**"	easyGroup Holdings Limited;
"**easyGroup IP**"	easyGroup Limited;
"**easyHotel**"	the Company and its subsidiaries;
"**easyHotel UK**"	easyHotel UK Limited, the Company's wholly owned subsidiary;
"**EBITDA**"	earnings before interest, tax, depreciation and amortisation;
"Employee Benefit Trust"	the easyHotel plc employee benefit trust established by a trust deed dated 25 June 2014 and made between the Company and Sanne Fiduciary Services Limited;
"**Enlarged Issued Share Capital**"	the 62,500,000 Ordinary Shares expected to be in issue on Admission, comprising the Existing Ordinary Shares and the New Shares;
"**Entee**"	the property management system provided by a third party operator, Entee Global Services Limited;
"**Existing Ordinary Shares**"	the 25 million Ordinary Shares in issue prior to Admission;
"**FCA**"	the UK Financial Conduct Authority;
"**FSMA**"	the UK Financial Services and Markets Act 2000, as amended;
"**IFRS**"	International Financial Reporting Standards;
"**ISIN**"	International Securities Identification Number;
"**Investec**"	Investec Bank plc;
"**Invested Capital**"	the capital investment in any one hotel asset excluding any debt;
"**Loan Capitalisation Shares**"	the 5,948,725 new Ordinary Shares to be issued by the Company in satisfaction of the Shareholder Loan;
"**London Stock Exchange**"	London Stock Exchange plc;
"**New Shares**"	the Placing Shares and the Loan Capitalisation Shares;
"**Official List**"	the Official List of the UK Listing Authority;
"**Ordinary Shares**"	ordinary shares of one pence each (being par value) in the capital of the Company;
"**Placees**"	the subscribers for Placing Shares pursuant to the Placing;
"**Placing**"	the conditional placing of the Placing Shares at the Placing Price pursuant to the terms of the Placing Agreement;
"**Placing Agreement**"	the conditional agreement dated 25 June 2014 and entered into between the Company, the Directors, easyGroup, Sir Stelios Haji-Ioannou and Investec relating to the Placing, as described in paragraph 7.1 of Part VI of this document;
"**Placing Price**"	80.0p per Placing Share;

"**Placing Shares**"	the 31,551,275 new Ordinary Shares to be issued by the Company pursuant to the Placing;
"**PRA**"	the Prudential Regulation Authority;
"**Prohibited Territories**"	United States, Canada, Australia, South Africa, the Republic of Ireland, Japan and any other jurisdiction where the distribution of this document or the offer of Ordinary Shares (or any transaction contemplated thereby and any activity carried out in connection therewith) would breach applicable law;
"**Prospectus Directive**"	the Prospectus Directive (2003/71/EC);
"**Prospectus Rules**"	the prospectus rules of the UK Listing Authority made in accordance with section 73A of FSMA as amended from time to time brought into effect on 1 July 2005 pursuant to Commission Regulation (EC) No. 809/2004 and the Prospectus Regulations 2005 (SI 2005/1433);
"**Registrar**"	Capita Registrars Limited;
"**Regulation S**"	the rules covering offers and sales of securities made outside the US without the need for registration under the Securities Act;
"**Relationship Agreement**"	the conditional agreement dated 25 June 2014 and entered into between the Company and easyGroup as described in paragraph 9.1 of Part VI of this document;
"**SDRT**"	Stamp Duty Reserve Tax;
"**Securities Act**" or "**US Securities Act**"	the Securities Act of 1933, as amended, of the United States;
"**SEC**"	the US Securities and Exchange Commission;
"**Shareholder**"	a holder of Ordinary Shares, from time to time;
"**Shareholder Loan**"	the intercompany loan between easyGroup and easyHotel UK as described in paragraph 9.5 of Part VI of this document;
"**Shareholder Loan Capitalisation**"	the subscription for the Loan Capitalisation Shares by easyGroup to be funded by the repayment and application of the Shareholder Loan;
"**Share Option Scheme**"	the share option scheme adopted by the Board on 24 June 2014, details of which are set out in paragraph 4 of Part VI of this document;
"**subsidiary**" or "**subsidiary undertaking**"	have the meanings given to them in the UK Act;
"**Takeover Code**"	the City Code on Takeovers and Mergers, as amended from time to time;
"**UK**" or "**United Kingdom**"	the United Kingdom of Great Britain and Northern Ireland;
"**UKLA**" or "**UK Listing Authority**"	the FCA acting in its capacity as the competent authority for the purposes of Part VI of FSMA;
"**uncertificated**" or "**in uncertificated form**"	recorded on the register of Ordinary Shares as being held in uncertificated form in CREST, entitlement to which, by virtue of the CREST Regulations, may be transferred by means of CREST;

"**US**" or "**United States**"	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia and all other areas subject to its jurisdiction;
"**VAT**"	Value added tax.

References in this document to "pounds sterling", "price", "£", or "P" are to the lawful currency of the UK, references to "US dollars", "$", "US$" or "cents" are to the lawful currency of the US.

PART I

KEY INFORMATION

The following is a brief summary only and should be read in conjunction with the more detailed information and financial data and statements and risk factors appearing elsewhere in this document.

Prospective investors should read the whole of this document and not rely solely on the summarised information set out below:

1. Information on easyHotel

easyHotel is an international owner, developer, operator and franchisor of "easyHotel" branded hotels. easyHotel's strategy is to target the "super budget" segment of the hotel industry by marketing "clean, comfortable and safe" hotel rooms to its customers. easyHotel currently has a hotel portfolio comprising approximately 1,600 rooms consisting of two wholly owned freehold hotels, one long leasehold development site and 17 franchised hotels.

By maintaining operational efficiency in the management of the hotels, minimising building conversion costs and driving significant levels of direct internet distribution derived from the "easy" brand recognition, easyHotel and its franchisees are able to achieve high returns on capital whilst at the same time offering the consumer the "best branded room rate in town" as a marketing proposition.

2. Key strengths and advantages

The Directors believe that easyHotel has a number of key strengths and advantages that are important to the success of the business as follows:

- "easy" brand strength and international recognition
- A strong value proposition to customers
- Direct distribution
- Limited competition
- Strong growth prospects through hotel rollout leads to virtuous brand reinforcement
- High, stable cash generation
- Experienced management team and Board

3. Reasons for Admission to AIM

The Directors consider that the Company's admission to trading on AIM will be an important step in its development by accessing new investors and raising new equity capital through the Placing, it will enable the acceleration of its development and provide access to capital markets which easyHotel may look to utilise in the medium term to continue its owned hotel rollout strategy.

4. The Placing

Pursuant to the Placing, Investec has conditionally placed, as agent for the Company, 31,551,275 Placing Shares at the Placing Price with institutional and other investors. The Placing has not been underwritten.

The Placing is conditional, inter alia, on Admission. The Placing and Admission are subject to certain conditions contained in the Placing Agreement.

5. Use of Placing proceeds

The Directors are seeking admission to trading on AIM in order to raise approximately £24.1 million (after expenses) through the placing of 31,551,275 Placing Shares at 80.0p per share, to be used as follows:

- the Company will apply part of the Placing proceeds to fund the Employee Benefit Trust to purchase up to 1.625 million Ordinary Shares in the market following Admission (being the number of options granted conditional upon Admission); and
- the remaining Placing proceeds will be used to pursue easyHotel's owned hotel roll-out strategy which easyHotel intends to utilise to acquire and develop between five to ten new hotel sites.

6. Directors and senior management

On Admission, the members of the Board and their positions will be:

Jan Åstrand, Part Time Executive Chairman

Jan is a non-executive director of Northgate plc. A Swedish national, Jan was senior independent director of Lavendon Group PLC until early 2014, and chairman of CRC Group PLC until 2007.

Simon Champion, Chief Executive Officer

Simon is a Chartered Accountant, having qualified with KPMG in London (1992-96). Simon spent 16 years as an equity research analyst, of which the last 14 years were at Deutsche Bank (1998-2012) where Simon headed up European consumer equity research, and specialised in equity research on European companies in the hotel and travel industries.

Darren Mee, Chief Financial Officer

Darren is a Chartered Accountant having qualified with PWC (1986-93). Darren has worked for a FTSE 250 company, DS Smith PLC, in a central tax and treasury role (1993-2002) and a FTSE 100 company, TUI Travel PLC (2002–2014) in finance director and chief operating officer divisional roles.

Scott Christie, Independent Non-Executive Director

Scott qualified as a Chartered Accountant with Coopers & Lybrand. He went on to spend 10 years in senior financial and change management roles with Diageo PLC. He then joined Macdonald Hotels PLC as group finance director and then chief operating officer.

Jonathan Lane, Independent Non-Executive Director

Jonathan, a Chartered Surveyor, is non executive chairman of Shaftesbury PLC, a FTSE 250 real estate investment trust, which he joined as managing director in 1986, was chief executive until 2011, and deputy chairman until 2013.

7. Relationship with easyGroup

The Directors believe that easyHotel's relationship with the "easy" brand and easyGroup has been key to easyHotel's development as an international hotel operator. The Directors consider that easyHotel will be able at all times to act independently of easyGroup and its affiliates in the future and accordingly, aside from the Relationship Agreement, Brand Licence Agreement, the long leasehold of the Croydon building and pursuant to certain historic franchise agreements, upon Admission easyHotel will have no formal links to easyGroup.

Brand Licence Agreement

The Company has a 50 year global Brand Licence Agreement with easyGroup IP for the use of the "easyHotel" brand name. This gives the Company the right to use the brand name "easyHotel" globally for the provision of hotel services. The royalty fees payable under the Brand Licence Agreement are 0.75 per cent. of the Company and its franchisees' revenue (less VAT). This declines in 0.1 per cent. increments on an accumulated basis as revenue rises, with royalty fees reducing to 0.25 per cent. payable on any amount over £300 million revenue. There is a minimum annual royalty of £100,000 (increasing in accordance with RPI).

Relationship Agreement

On 25 June 2014, the Company entered into the Relationship Agreement with easyGroup. The Relationship Agreement contains, *inter alia*, provisions to allow the Company to operate independently of easyGroup, provides that all arrangements between it and the Company will be on arm's length terms and on a normal commercial basis, requires that easyGroup abstain from doing anything which would result in a member of easyHotel not being capable of carrying on independent business, confirms that easyGroup shall not cause the Company to fail or prevent the Company from complying with its AIM and other regulatory obligations, prohibits easyGroup from voting in favour of any resolution to cancel the Company's admission to AIM, confirms that easyGroup agrees to support and uphold the highest standards of best practice regarding substantial shareholders as required by the London Stock Exchange and the FCA (including the independence provisions set out in the FCA's UK Listing Rules, as if they were applicable to the Company but with reference to the AIM Rules for Companies). In addition, easyGroup agrees that where it is deemed to be acting in concert with any other Shareholder(s) such that the aggregate shareholding of easyGroup together with such other persons exceeds 49.0 per cent. of the voting rights attaching to the Company's issued share capital, then easyGroup shall (save with the prior written consent of the Company) limit the exercise of the voting rights attaching to the Ordinary Shares held by it to such number of Ordinary Shares that, when aggregated with the number of Ordinary Shares held by the other members of the concert party, does not exceed 49.0 per cent. of the Company's issued share capital. The provisions of this agreement shall cease to have effect if easyGroup's total interest in securities in the Company falls below 25 per cent. and the share capital of the Company remains admitted to trading on AIM or admitted to the Official List and to trading on the London Stock Exchange.

8. Dividend policy

The Company has adopted a dividend policy that reflects its strategy of disciplined and value creating investment with the aim of providing Shareholders with long-term dividend growth. The Company intends that dividends will be progressive and be covered by between two to three times underlying earnings. The Board anticipates that the interim and final dividends will generally be paid in the approximate proportions of onethird (interim dividend) and two-thirds (final dividend).

The Directors expect the Company's maiden dividend to be paid in respect of the year ending 30 September 2015.

9. Risk Factors

Investors should note the risks associated with an investment in the Company as set out in Part III of this document.

PART II

INFORMATION ON EASYHOTEL

1. Introduction

easyHotel is an international owner, developer, operator and franchisor of "easyHotel" branded hotels. easyHotel's strategy is to target the "super budget" segment of the hotel industry by marketing "clean, comfortable and safe" hotel rooms to its customers. easyHotel currently has a hotel portfolio comprising approximately 1,600 rooms consisting of two wholly owned freehold hotels, one long leasehold development site and 17 franchised hotels.

easyHotel was established in 2004 as a wholly owned subsidiary of easyGroup which is ultimately 100 per cent. owned by the founder of the "easy" company concept, Sir Stelios Haji-Ioannou.

By maintaining operational efficiency in the management of the hotels, minimising building conversion costs and driving significant levels of direct internet distribution derived from the "easy" brand recognition, easyHotel and its franchisees are able to achieve high returns on capital whilst at the same time offering the consumer the "best branded room rate in town" as a marketing proposition.

Following the successful opening of easyHotel's owned hotel in Old Street, London, easyHotel has moved its strategy towards greater investment in freehold owned asset investments. easyHotel's aim is to invest in freehold property in major gateway European cities. The Board's policy is that the mature EBITDA minimum rate of return on Invested Capital will be 15 per cent. In the first instance, the Board anticipates its investment focus is likely to be in London and one or two other gateway European cities. easyHotel intends to continue to grow its franchised estate significantly outside of Europe, and remains supportive of its existing franchisees. The investment in owned hotels will mean that easyHotel's profits are expected to be increasingly weighted towards its owned hotel portfolio going forward.

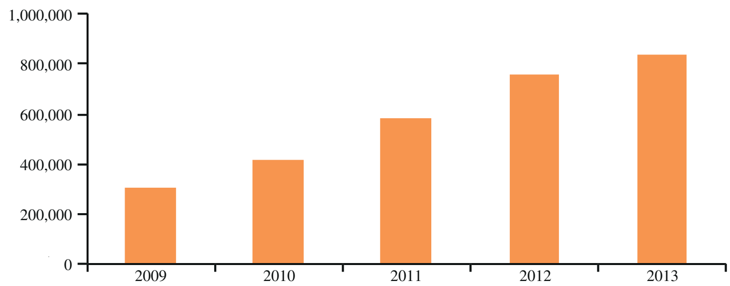
In order to fund easyHotel's planned expansion, the Company has conditionally raised approximately £25.2 million (before expenses) through the placing of 31,551,275 Placing Shares with institutional and other investors. Application has been made to the London Stock Exchange for the Enlarged Issued Share Capital to be admitted to trading on AIM, which is expected to occur on 30 June 2014.

2. History of easyHotel

easyHotel was founded in 2004 as a "super budget" hotel group, opening its first hotel in South Kensington, London in 2005. The business was founded by Sir Stelios Haji-Ioannou, nine years after his launch of easyJet and four years after easyJet's IPO on the London Stock Exchange with an equity value of £777 million at that time.

Whilst easyHotel owned its first hotel in South Kensington (which was subsequently sold and franchised in 2007), its primary goal in its early years was to grow via franchise contracts.

easyHotel franchise revenue 2009-2013 (£)



easyHotel has been successful in winning new franchise contracts and opening its directly owned hotels, with an estate of 19 operational hotels comprising approximately 1,300 rooms at hotels operated by franchisees and approximately 300 rooms owned by easyHotel. The Directors expect two new franchisee hotel openings in 2014 in Frankfurt and in Prague, which are expected to add a further 260 rooms to the estate, with further openings anticipated in 2015.

Amsterdam – October 2011
Basel – January 2007
Berlin – March 2010
Budapest – October 2007
Den Haag – May 2013
Dubai – September 2010
Edinburgh – September 2010
Glasgow – January 2014 (easyHotel owned)
Johannesburg – March 2013
London Old St/Barbican – June 2012 (easyHotel owned)
London Earls Court – June 2007
London Heathrow – December 2008
London Paddington – September 2008
London South Kensington – August 2005
London Victoria – April 2007
London Luton – April 2008
Rotterdam – September 2013
Sofia – January 2010
Zurich – November 2007

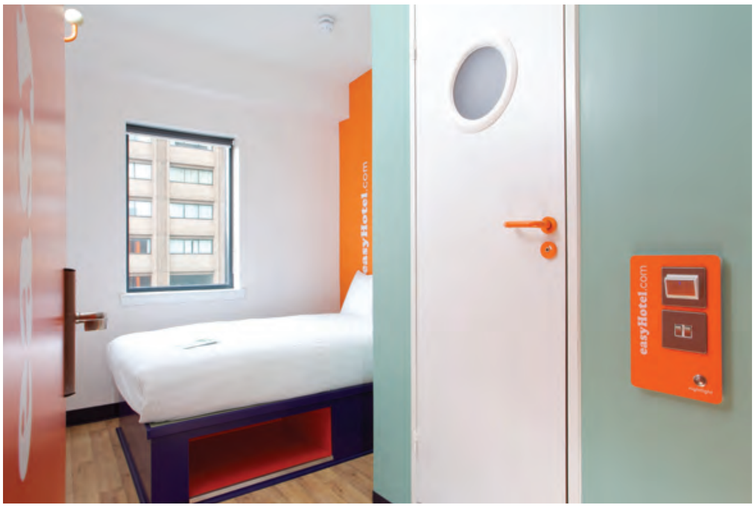
Over the past year, following the successful opening of easyHotel's owned hotel in Old Street, London, easyHotel has moved its strategy towards investment in freehold owned asset investments. This entailed the purchase by easyHotel of the 125-bedroom Glasgow hotel in December 2013 for £2.3 million, and the purchase of a 999 year leasehold property of approximately 1,600 square metres of office space in Croydon for approximately £1.6 million. This is under construction as a 103-bedroom hotel due to be opened in autumn 2014.

Whilst easyHotel remains committed to the success of its existing franchisees, its change in strategy now effectively entails owned hotels in major European gateway cities, with its franchising initiatives largely focused outside this area and outside of Europe.

3. The business and assets of easyHotel

easyHotel operates "super budget" hotels

easyHotel operates hotels in the "super budget" segment of the hotel industry, marketing "clean, comfortable, safe" hotel rooms to consumers looking for value for money. Taking into account local regulations, easyHotel aims for its rooms to be around 10 square metres with good quality beds, ensuite bathrooms (with shower gel and towels provided) and air conditioning.



A standard room at easyHotel's Glasgow location

Hotel portfolio today

easyHotel's portfolio as at the date of this document is shown in the table below, and is spread through the UK, Europe, the Middle East and Africa. Approximately 46 per cent. of the overall estate is in the UK, with approximately 37 per cent. being in Europe, reflecting the international recognition of the "easy" brand generally. At full occupancy, this equates to approximately 585,000 room nights per year.

Rooms by hotel

UK	
London, Old Street	162
London, South Kensington	34
London, Victoria	105
London, Earls Court	109
London, Paddington	47
London Heathrow	65
Luton	58
Edinburgh	29
Glasgow	125

Europe, Middle East & Africa	
Berlin, Germany	125
Amsterdam, Holland	80
The Hague, Holland	109
Rotterdam, Holland	107
Sofia, Bulgaria	57
Budapest, Hungary	59
Basel, Switzerland	24
Zurich, Switzerland	33
Dubai, UAE	215
Johannesburg, South Africa	60

All of these hotels are franchised, save for easyHotel's owned operating hotels being at Old Street, London and in Glasgow, Scotland. easyHotel's owned portfolio of Old Street, London and Glasgow was valued at £21.4 million and £16.75 million depending on whether or not planning permission for 70 rooms at Old Street, London is granted (further details of the valuation of easyHotel's owned portfolio is set out in Part V of this document). As at the date of this document, this property has not received planning approval for the 70 additional rooms that were completed in March 2014. A preliminary planning application was made by easyHotel on 29 May 2014 and the Directors anticipate that easyHotel will secure appropriate approvals with the relevant local planning authority in due course.

easyHotel also owns the long leasehold of approximately 1,600 square metres of office space in East Croydon, which is currently under development at an expected cost of £1.9 million as a 103-bedroom hotel due to be opened in autumn 2014. The freehold of the Croydon building is owned by easyGroup IP, with easyHotel UK having a 999 year long lease for a peppercorn rent. Further details of this long lease are set out in paragraph 10 of Part VI of this document, with the lease effectively providing easyHotel similar rights over its occupied area as a freehold owner would have.

The historical development of easyHotel's portfolio has meant that franchised hotels dominate the number of rooms in easyHotel's portfolio at the date of this document (approximately 82 per cent. of rooms). The Directors consider that the expansion of the "easyHotel" brand through franchisees, who the Directors believe have a well invested portfolio of hotels, has benefited easyHotel and its owned hotel expansion plans. Franchised hotels only generate a brand royalty fee for the Company and so are less significant for easyHotel in terms of profitability, representing approximately 49% of easyHotel EBITDA for the six months ended 31 March 2014.

Due to the large number of franchise enquiries management currently receives, the Directors expect the number of hotels operated under easyHotel's franchise arrangements to increase significantly in the future. However, with planned significant European owned hotel investment in the next few years, the Directors believe that the proportion of easyHotel profits derived from franchising is likely to reduce significantly over the next few years.

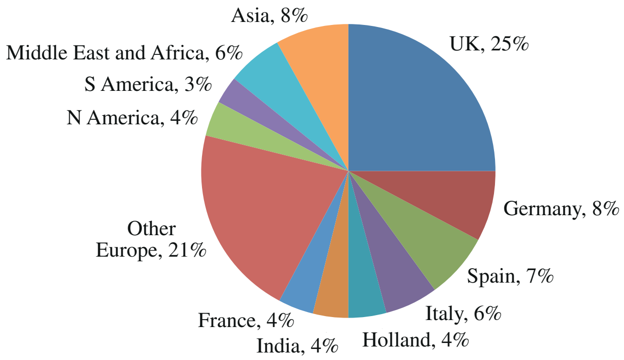
Franchising growth will nevertheless remain an important growth area for easyHotel, helping to further grow the recognition of the brand internationally, but most importantly enhancing easyHotel's return on capital given there is no capital invested by easyHotel in its franchised hotels.

easyHotel attracts a broad international customer base

The "easy" brand has a broad international recognition, particularly with European consumers. easyJet flew approximately 60.8 million passengers around its European flight hubs in the year to September 2013 and easyBus carried over one million passengers on its network in the same period.

easyHotel's broad customer mix is shown in the chart below. This reflects the wide international "easy" brand recognition, which the Directors believe contrasts directly with most budget hotel operators which tend to have domestic customer bases. Whilst easyHotel's customer base is predominantly European, easyHotel's hotels also attract significant proportions of customers from Asia and the Middle East.

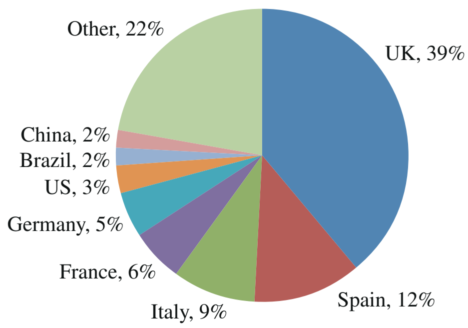
easyHotel's customers (owned hotels and franchises) by origin



Calendar Year 2013 – based on number of bookings

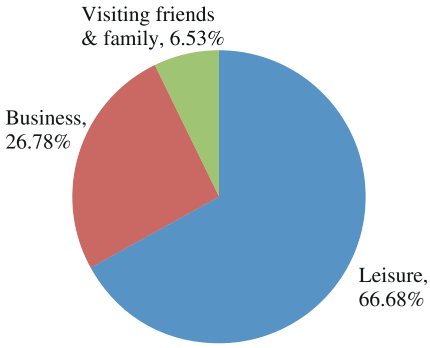
This chart indicates easyHotel's spread of hotels being predominantly in continental Europe, as well as the UK. However, even when disregarding easyHotel's European hotels the mix of easyHotel's customer base for easyHotel's London hotels shows that the brand attracts a significant number of international customers.

easyHotel's London customer bookings (owned hotels and franchises) by origin



Calendar Year 2013 – based on number of bookings easyHotel attracts a broad mix of customers, attracting people wanting to stay in a hotel for a variety of reasons as shown in the chart below with the average length of stay of a customer being approximately 2.0 days in 2013. easyHotel does not offer corporate discounts in line with the philosophy that all customers are offered the same price.

easyHotel's bookings by "reason for stay"



Calendar Year 2013 – based on number of bookings

Marketing and customer acquisition

easyHotel benefits from the advertising of the other "easy" brand licence holders, as well as generic "easy" advertising undertaken by easyGroup.

When a new hotel opens, there is limited marketing in printed press in order to boost customer awareness of the hotel opening. Some franchisee agreements also include specific undertakings by franchisees to advertise their hotel locally.

easyHotel attracts significant repeat business, with the number of customers that have previously stayed with easyHotel being approximately 36 per cent. in 2013 (2012 33 per cent., 2011 31 per cent.).

easyHotel's marketing is largely dedicated to "pay per click" advertising regarding key words for the brand generally and with regard to specific hotel locations. The Directors intend to continue to focus marketing investment on digital media. The initial focus will be on the delivery of a new customer website in multiple languages that has been optimised for mobile devices. In addition, marketing efforts will target a more effective presence on the internet including, search engine optimisation as well as active management and use of social media, which will require the history of one or two dedicated staff.

easyHotel's low cost strategy in owned hotels

easyHotel's high operating margins are partly a reflection of all bookings taken directly through easyHotel's website www.easyhotel.com and not via online travel agent intermediaries, lowering the cost of customer acquisition.

easyHotel's owned hotel high operating margins are also due to easyHotel's focus on low operating costs and low building conversion costs. easyHotel outsources various services in its owned hotels thus enabling it to create significant flexibility in its cost base through the structure of these contracts. This results in approximately half of easyHotel's expected owned hotel operating costs being variable in nature. This reduces the risk to profitability at each hotel if volumes vary from expected levels, which is particularly important when new hotels open and during the period until they reach maturity. The Directors envisage that economies of scale can be achieved with regard to outsourcing contracts and energy purchasing, as well as a general benefit in consumer awareness of easyHotel as it becomes larger.

easyHotel has four significant operating costs – staff, cleaning, linen and business rates. easyHotel outsources cleaning and linen provision to separate firms where easyHotel is able to benefit from economies of scale. The outsourcing of these services is closely monitored by easyHotel's hotel managers, which enables easyHotel to minimise its own central staff resources. An example of cost optimisation is that easyHotel's owned hotels only clean their hotel rooms for a customer staying consecutive nights after three nights' stay. This represents a significant saving when the average length of stay in an easyHotel room in 2013 was two nights.

easyHotel is also able to minimise central staff costs by not offering food & beverage facilities to customers. Such activities tend to be more labour intensive, as well as involving the time of hotel managers. easyHotel is, therefore, able to operate efficiently with low levels of staff at both its corporate head office and at each of its owned hotels. No employees of easyHotel have zero hour contracts.

As a result of the low and variable cost base easyHotel is able to pursue more aggressive yield management than if easyHotel had a high, fixed cost base.

easyHotel optimises property space to maximise cash return on investment

easyHotel tends to focus on the conversion of existing property to hotel usage rather than new build. The key rationale for this is to enable easyHotel to target available space cost effectively in major European cities. easyHotel's owned hotels tend to be conversions of office/retail space into hotel rooms as opposed to conversions of existing hotels.

Whilst other hotel companies tend to either offer larger rooms than easyHotel (hotel operators in the UK tend to offer 20 square metre rooms on average) or more facilities (minibars, tea/coffee makers), easyHotel focuses its product on a consistent market offer of a "clean, comfortable, and safe" hotel room at an attractive price for the consumer. easyHotel aims to maximise use of property space to optimise its return on Invested Capital. Importantly, most "easyHotels" have no food & beverage offerings. easyHotel's management believe that budget hotels derive limited profitability from food & beverage offerings, and thus have opted to maximise revenue by constructing more hotel rooms and not offer food and beverage facilities.

Another way that easyHotel optimises property space is through the construction of "inside facing" rooms (53 out of 162 rooms at the Old Street, London hotel are "inside facing"). These hotel rooms tend to have higher occupancy rates and fill faster than rooms with external views because the customer is typically willing to accept this concept for a lower priced room. The Directors believe that many other budget hotel operators would see an inside facing room as outside of their brand standard, thus compromising their ability to optimise property space.

Competition within easyHotel's market segment

The global hotel industry has a broad range of product offerings from luxury hotels to backpacking hostels and bed & breakfast hotels. The industry is competitive but fragmented. Some countries have dominant domestic players, but these hotel companies are not dominant at an international level.

easyHotel has a broad European customer base as described above, which reflects the wide recognition of the "easy" brand across Europe. Whilst there are many hotel brands in Europe, many of these focus on providing greater levels of service and larger rooms for higher prices than the value-for-money rooms that are offered by easyHotel. For example, in the UK, easyHotel's room rates achieved are materially below those of traditional budget hotel operators, and yet easyHotel still achieves high returns on Invested Capital. As such, easyHotel can see limited competition from branded competitors at its customer price point at present.

Hotel industry consultant Otus & Co records that there are 16,600 chain hotels across the 54 countries of Europe and estimate the total European hotel room stock at 5.5 million rooms. Accordingly, easyHotel (including franchisees) represents approximately 0.03 per cent. of the European hotel industry by room numbers. easyHotel plans to roll-out its core easyHotel offering only in targeted cities where the Directors believe easyHotel's 15 per cent. minimum hurdle rate for return on Invested Capital can be met. Even with the planned significant owned asset investment in major gateway cities, easyHotel would remain a relatively small operator in the overall European hotel industry.

Typical franchising arrangements

As at the date of this document, easyHotel operates 17 franchised hotels with 11 franchisees, with the largest franchisee by hotels and room numbers operating three hotels.

Franchise agreements typically run for 20 years and involve a mix of fees for royalties and reservations, as well as a marketing fee which is reinvested into advertising. The Directors believe these fees to be at the high end of industry averages, which management believes is reasonable given the value that the "easy" brand delivers to franchisees through its broad international recognition.

Franchise agreements tend to be for specific hotels, with "exclusion zones" protecting the franchisee with regard to other easyHotel offerings being located nearby, which is commonplace in hotel franchising.

easyHotel's franchise operations remain important to the Company and easyHotel intends to continue to develop its franchising initiatives, which are focused on the Middle East, Asia and the east coast of the US at present, alongside its planned expansion of owned hotels in Europe. The Directors believe that franchisees will be a significant beneficiary from the resulting increased scale and profile of easyHotel's hotel network, as well as the larger corporate structure that this entails.

easyHotel has granted master franchise agreements to certain franchisees including (but not limited to) in the Benelux region, the Czech Republic, Dubai and in Africa.

"easy" brand and the Brand Licence Agreement

easyHotel benefits significantly from its association with the "easy" umbrella brand and its associated companies because this enables easyHotel to achieve high consumer brand recognition in a fragmented hotel industry. Distribution of hotel content for weaker brands can prove expensive and so this broad brand recognition is one significant element in the high returns on capital that easyHotel is able to achieve on its owned assets.

The Company has a 50 year global Brand Licence Agreement with easyGroup IP for the use of the "easyHotel" brand name. This gives the Company the right to use the brand name "easyHotel" globally for the provision of hotel services. The royalty fees payable under the Brand Licence Agreement are 0.75 per cent. of the Company and its franchisees' revenue (less VAT). This declines in 0.1 per cent. increments on an accumulated basis as revenue rises, with royalty fees reducing to 0.25 per cent. payable on any amount over £300 million revenue. There is a minimum annual royalty of £100,000 (increasing in accordance with RPI).

The Brand Licence Agreement also involves the grant of a licence to the Company for use of the brand in offering "extended stay" apartment hotels. Whilst the Company does not have such an offering today, a substantial number of franchise leads as well as identification that this is a fast-growing element in the hospitality industry in some cities means that the Company may explore opportunities to develop this concept in future. This is likely to involve 20-30 square metre rooms with a kitchenette included. The Directors anticipate that this could be trialled alongside an existing hotel at relatively low risk. However, as at the date of this document, the key focus will remain on the roll-out of the core easyHotel room concept as it exists today. Further details in relation to the Brand Licence Agreement are set out in paragraph 9.2 of Part VI of this document.

Aside from the Relationship Agreement, Brand Licence Agreement, the 999 year leasehold of the Croydon building and under certain of the franchise agreements, from Admission easyHotel will have no formal links to easyGroup or any other easyGroup business. It may seek to enter into arms-length agreements at a later date, but this is not expected in the near term.

4. Key strengths and advantages

The Directors believe that easyHotel has a number of key strengths and advantages that are important to the success of the business as follows:

1. ***Brand Strength and international recognition***

   Whilst easyHotel is relatively small in the context of most hotel groups, the geographic breadth of easyHotel's customer base highlights the broad international recognition of the "easy" band and its brand licensees. This creates significant brand power compared to easyHotel's annual marketing spend. For example, approximately 27 per cent. of easyHotel's London hotel customers came from

Spain, Italy and France during 2013. As at the date of this document easyHotel does not advertise and has no hotel presence in these countries, which, the Directors believe is a reflection of the international recognition of the "easy" brand across Europe.

The Directors believe that this broad international recognition of the "easy" brand not only reduces easyHotel's cost of marketing (52% of sales across all easyHotel hotels are made on www.easyhotel.com), but should be helpful with regard to a successful launch of easyHotel's owned hotels as part of its expansion plans in not just London, but also in major continental European gateway cities.

2. ***A strong value proposition***

easyHotel's product offering provides its customers with rooms marketed as "clean, comfortable and safe" at an attractive price for consumers and materially below that of traditional "budget" hotel operators (being the "super budget" market).

easyHotel's yield management administers its product offering so that customers tend to pay a lower price by booking early, with easyHotel often using the marketing slogan of "book early, pay less". The Directors believe that this is an attractive value proposition for price conscious consumers.

An important part of the yield management process is to ensure that easyHotel strips out unnecessary operating costs, optimises its property space and creates significant variability in its cost base. By doing this, easyHotel is able to pass the lower price through to the consumer, which the Directors believe is important in driving demand for easyHotel's hotel rooms.

The low and variable cost base enables easyHotel to pursue more aggressive yield management than if easyHotel had a high, fixed cost base. For example, at the date of this document, easyHotel's Glasgow hotel starts prices at £9.00 per room per night but has achieved prices for some dates at over £100 for popular nights.

3. ***Direct distribution***

easyHotel's owned hotels sell hotel rooms purely via easyHotel's own website www.easyhotel.com. This eliminates the need for telephone call centres and other expensive forms of distribution.

easyHotel's owned hotels do not take cash walk-in bookings and this leads to efficient financial control of cash, optimises staff time and, therefore, staffing levels, as well as reducing the risk of the hotels being susceptible to robbery.

easyHotel's owned hotels do not use third party online travel agent intermediaries to distribute its hotel brand. In a fragmented hotel industry, less well-known hotel brands often distribute their product through online hotel aggregators. The Directors believe that the cost of distributing easyHotel's hotel product through well-known, large hotel intermediaries would be approximately 15 per cent. of the room rate achieved. If easyHotel decided to distribute its product entirely through online travel agents at a commission rate of 15 per cent. rather than directly, and there was no compensating revenue benefit then, as an example, easyHotel's owned hotels' EBITDA return on Invested Capital would reduce by approximately 4 per cent.

4. ***Limited competition***

As described above, easyHotel operates in a competitive hotel industry environment given the magnitude of brands. However, the Directors see limited branded competition in easyHotel's market niche at similar prices for consumers. The Directors believe that the major barrier to entry in the super budget hotel segment is the marketing cost of establishing a brand with significant customer recognition. Whilst such brands could exist by distributing through third party intermediaries the expense of this would reduce returns materially for such operators.

5. ***Strong growth prospects through rollout leads to virtuous brand reinforcement***

easyHotel has plans to grow its portfolio significantly following Admission, both through owned asset investment in European cities (initially focussing on London) and franchising initiatives. The Directors believe that there is significant potential for the roll-out of multiple hotels in the largest European gateway cities, chosen through rigorous selection criteria taking into account size of market, competition, price profile, customer brand recognition and labour laws.

Whilst the "easy" brand is well recognised internationally, "easyHotel" as a brand is less well known than some of the associated easyGroup companies given its small scale today. The Directors believe the growth of easyHotel's portfolio, with a consistent room design and service offering, will act as a virtuous benefit for easyHotel in getting the consumer better acquainted with the value that staying in an easyHotel room offers compared to more expensive competitors.

6. ***High, stable cash generation***

The Directors believe that easyHotel's income stream is robust because of low volatility in mature revenue from macroeconomic factors such as changes to GDP growth, as well as easyHotel's high operating margins resulting in low operational gearing to any changes in income stream. Whilst the Directors believe easyHotel has significant growth opportunities, the Directors expect that when the owned hotels reach maturity they will represent stable income streams compared to other hotel companies.

7. ***Experienced Management Team and Board***

The Company's full time executive Directors, Simon Champion and Darren Mee have focussed on the leisure industry for most of their careers. Simon Champion comes from an accounting and banking background having followed the hotel industry and European hotel companies for 14 years for an investment bank. Darren Mee comes from a travel background, and has operated small and medium businesses for a large public company, as well as bringing the experience of managing businesses across a number of European countries.

The majority of the operational team, such as hotel and yield managers, come from a branded hotel background and, therefore, have strong understanding of the hotel industry, as well as helping to challenge the traditional approach of hotel operating processes.

The part time executive Chairman and the two non-executive Directors bring substantial experience in terms of a blend of their multi-industry and financial backgrounds, they also add significant experience and expertise with regard to their hotel and property industry knowledge.

5. easyHotel strategy

Overview of strategy

easyHotel's principal growth strategy is the roll-out of further owned hotels in major European gateway cities. Whilst the Directors see significant potential across European cities, the owned investment is likely to focus on the UK, principally London, as well as probably one other European country in the near term.

Given the high returns on Invested Capital generated from both existing owned and franchised hotels, the Directors believe that strong returns on Invested Capital can be achieved on owned asset investment in these major cities. A key feature of easyHotel's roll-out strategy is the Board's belief that there is sufficient demand in most European cities to accommodate multiple easyHotel assets. For example, the Directors believe that easyHotel can at least double its hotel estate in London over the next few years.

Franchised hotel growth will continue to be a focus for easyHotel, however, given the planned investment in easyHotel's owned estate, such income streams derived from franchisees are likely to reduce significantly as a proportion of easyHotel's overall profitability. Nevertheless, given easyHotel's franchise model involves no capital outflows, the Board sees franchising as a helpful way of enhancing returns on Invested Capital using the strength of the "easyHotel" brand.

The Directors also believe there are opportunities for easyHotel to further optimise existing revenues. easyHotel's management has identified the need to boost these opportunities through the hiring of a small number of central operation staff, such as marketing, in particular in the digital environment, as well as a need to boost social media presence. This would also involve limited spend on enhancing easyHotel's website and enhancing its capability to accommodate bookings through mobile devices.

The Directors also believe that easyHotel can improve ancillary hotel spend, but the focus will remain on maximising hotel room revenues through high room occupancy rates in the existing estate.

Philosophy of freehold asset investment to generate strong cashflows

easyHotel's aim is to invest in freehold owned property in major gateway European cities. It is highly unlikely that easyHotel would enter into operating lease commitments as the Directors perceive the long-term risk inherent in these financial obligations to be significantly less valuable to Shareholders than investment in easyHotel's own real estate. The Board's policy is that the mature EBITDA minimum rate of return on Invested Capital will be 15 per cent.

easyHotel's Old Street hotel was acquired in June 2012 for £10 million in an intra-group transfer from easyGroup. It was originally acquired by an easyGroup group company for £5.2 million and has had total cash investment by easyHotel of approximately £3 million. Following the recent expansion of the hotel from 92 rooms to 162 rooms as at the date of this document it was valued at £21.4 million (further details of which are set out in Part V of this document). Following the opening of these additional rooms in March 2014, the Directors believe that the hotel is already on track to achieve the 15 per cent. target hurdle rate on Invested Capital of £8.5 million during the financial year ending 30 September 2014.

easyHotel's attitudes towards leverage and cash priorities

The Directors believe that returns on Invested Capital can be enhanced by adding conservative levels of debt, which they believe will enable easyHotel to borrow at attractive interest rates given the strong asset-backing of the business model. The Directors expect easyHotel's leverage levels to target three times net debt/EBITDA on the mature cashflows of the business, which the Directors believe to be prudent. This may vary from Admission as the Company will initially have net cash balances following receipt of the Placing proceeds and there will be lags between capital deployment and hotel operating maturity resulting in higher levels of leverage during investment phases.

Owned hotel site identification and conversion

easyHotel management has identified approximately 150 locations in Europe which could be appropriate locations for an easyHotel site, which include multiple hotels in some countries. Whilst easyHotel's core plan is to grow in a few focussed markets within the next few years, the Directors believe that the concept is scalable and easily transferable internationally.

easyHotel aims to build hotels which have between 50 to 100 rooms which the Directors believe is a good balance between risk and the economies of scale of achieving appropriate returns. Therefore, easyHotel tends to focus on properties which offer space of 8,000 to 17,000 square feet. easyHotel would contemplate potential sites that are larger than this if the destinations' consumer demand merited it. For example, in Central London prime sites, easyHotel would contemplate 150-bedroom projects. The Directors believe that the easyHotel offering tends to work best in expensive hotel markets, thus making a more attractive value proposition to a consumer willing to trade down on room size or room facilities. The most attractive sites for easyHotel tend to be those close to major travel hubs, often main train stations, given the international nature of easyHotel's customer base. Sites generally require cafes, shops or restaurants nearby to provide customers with such services because of the strategy not to provide food and beverages within easyHotel sites.

easyHotel's target is to focus on the conversion of commercial or retail properties into hotels. The Directors believe that a number of budget hotel brands in the UK will not contemplate offering inside facing rooms under their brand standards. easyHotel's willingness to include inside facing rooms within its business model (helping to deliver value to price-conscious customers) ensures that easyHotel can optimise some building conversions more than those brands that would not contemplate such rooms in their business models.

All easyHotel rooms are built to a standard of high quality yet hard-wearing design with standardised brand features. However, the main fit-out costs of easyHotel's hotels are the infrastructure such as air-conditioning, plumbing and electrical installation. The design of the rooms is also based on materials which are widely available in most countries, thus enabling easyHotel to expand internationally in a consistent brand style whilst avoiding high import duties into certain countries.

Conversion projects are contracted through a tender process with reputable builders, who enter into turn-key design and build contracts with easyHotel thus passing responsibility for all aspects of the build to the contractor. Projects tend to take around 20-25 weeks to build from contract signing to room sale, with any late delivery of projects involving damages payments from the contractors up to certain thresholds.

Franchise growth strategy

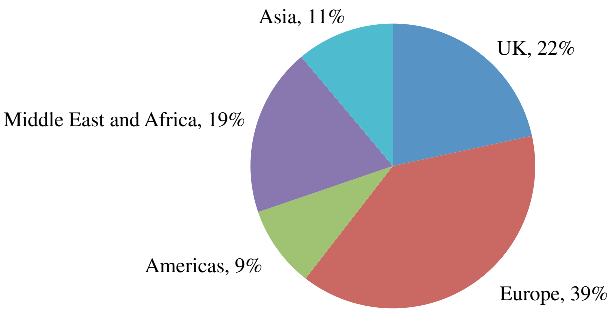
Whilst the Board would consider franchising opportunities, easyHotel's main franchising efforts are likely to focus away from the major European cities, and into other regions such as the Middle East, Asia and eastern US.

The Board considers that franchising is unlikely to be more important than owned asset investment for easyHotel in terms of driving absolute profit growth. However, the Directors believe it remains an excellent way of enhancing easyHotel's return on Invested Capital as well as expanding easyHotel's brand in countries where easyHotel may deem it unsuitable to invest its own capital.

It is envisaged that easyHotel will hire a franchise development manager to liaise with existing franchisees and expand easyHotel's franchise network. This will enable senior management to focus most attention on the owned hotel roll-out strategy in Europe.

easyHotel already has a consistent unprompted stream of franchisee enquiries, which the Directors expect to increase further as easyHotel expands its network and actively promotes new franchises. easyHotel is actively discussing various franchise leads in the Middle East, the US and a number of other countries.

easyHotel franchise leads since the start of 2013



easyHotel has agreed two further franchised hotel openings in 2014. Franchised hotels are planned to open in Autumn 2014 in Prague, and in the fourth quarter of 2014 in Frankfurt, with further openings expected in 2015.

Focus on operational efficiency and revenue optimisation

easyHotel's management intends to continue to be rigorous in controlling costs and maintaining operating cost flexibility. This will be achieved through the outsourcing of a number of operational contracts until hotel occupancy reaches maturity.

The Board envisages some limited recruitment of additional central staff by easyHotel within the next six months. The Directors envisage that economies of scale can be achieved with regard to outsourcing contracts and energy purchasing, as well as a general benefit of increased consumer awareness of easyHotel as it becomes larger.

The Directors also believe that easyHotel can improve its customer ancillary spend through sales of small unbranded goods in reception areas, the trial of WIFI sales at a low price, as well as further limited add-on services.

Whilst these are limited initiatives that easyHotel can pursue, the Directors believe that as soon as new hotels reach maturity easyHotel will see limited operational gearing in its owned assets thereafter given the high margins and low top-line volatility. As such, across the economic cycle the Directors believe that the income stream from each owned hotel should rise by close to inflation with limited volatility.

6. Summary financial information

The table below, which has been extracted from the historical financial information set out in Part IV of this document, sets out a summary of the financial results of easyHotel UK for the year ended 31 December 2011, period ended 30 September 2012, year ended 30 September 2013 and six months ended 31 March 2014. Prospective investors should read the full historical financial information in Part IV of this document and not rely solely upon the summary below.

	Year ended 30 December 2011	*Nine months ended 30 September 2012*	*Year ended 30 September 2013*	*Six months ended 31 March 2014*	*Six months ended 31 March 2013*
	£	*£*	*£*	*£*	*£*
Revenue					
Owned hotel	–	258,596	1,286,931	668,274	573,828
Franchise hotel	1,062,598	844,612	1,155,792	583,701	482,054
Other	299,740	221,346	200,775	18,228	115,972
	1,362,338	1,324,554	2,643,498	1,270,203	1,171,854
Gross profit	1,150,823	959,286	2,262,974	959,490	900,582
EBITDA	181,050	363,166	1,704,064	488,260	586,070
Profit from operations	162,597	320,195	1,337,549	378,686	491,706
Profit/(Loss) before taxation	145,018	284,198	1,365,856	342,521	411,314
Total comprehensive income for the period	297,779	391,911	1,014,609	267,167	305,540

7. Current trading and prospects

Trading for the six months ended 31 March 2014 was in line with management's expectations. Revenue generated was approximately 8.5 per cent. ahead of the prior period at approximately £1.3 million predominately driven through an increase in franchise revenue and the acquired Glasgow hotel. EBITDA was approximately £0.5 million, slightly behind that achieved in the prior period mainly due to the loss of rental income from the 3rd and 4th floors at the Old Street, London hotel during its redevelopment, and pre-opening costs on the Croydon project.

Since 31 March 2014, trading has continued in line with management's expectations. Trading at the Old Street, London hotel has benefitted from the additional 70 rooms opened at the end of March 2014 and is currently trading on a monthly basis above the 15 per cent. target hurdle rate of return on Invested Capital. Occupancy at the Glasgow hotel has increased steadily month on month since opening in January 2014 and the Board expects these trends to continue through the current financial year and are confident that the hotel will meet the Board's minimum target rate of return in the short term. Franchise revenue remains strong but the Board expects the rate of growth to slow in the second half of the financial year as the number of new hotels that were opened by franchisees in the second half of the last financial year were greater than that expected in the current period.

8. Reasons for Admission to AIM and use of Placing proceeds

The Directors are seeking admission to trading on AIM in order to raise approximately £24.1 million (after expenses) through the placing of 31,551,275 Placing Shares at 80.0p per share, to be used as follows:

- the Company will apply part of the Placing proceeds to fund the Employee Benefit Trust to purchase up to 1.625 million Ordinary Shares in the market following Admission (being the number of options granted conditional upon Admission, further details of which are set out in paragraph 15 of this Part II); and

- the remaining Placing proceeds will be used to pursue easyHotel's owned hotel roll-out strategy which easyHotel intends to utilise to acquire and develop between five to ten new hotel sites.

The Directors consider that the Company's admission to trading on AIM will be an important step in its development by accessing new investors and raising new equity capital through the Placing, it will enable the acceleration of its development and provide access to capital markets which easyHotel may look to utilise in the medium term to continue its owned hotel rollout strategy.

9. Directors, senior management and employees

The Company currently has five directors, of which two are independent non-executives.

Jan Åstrand *(aged 67), Part Time Executive Chairman*

Jan is a non-executive director of Northgate plc. A Swedish national, Jan was senior independent director of Lavendon Group PLC until early 2014, and chairman of CRC Group PLC until 2007. Prior to this, he was chairman of Car Park Group AB in Stockholm and senior independent director of PHS Group PLC. Jan was president and chief executive of Axus International Inc. (previously known as Hertz Leasing International) (1994-99), vice president, finance & administration and chief financial officer of Hertz (Europe) Ltd (1989-94) and before that he was chief financial officer of Commodore International, based in the US.

Simon Champion *(aged 44), Chief Executive Officer*

Simon is a Chartered Accountant, having qualified with KPMG in London (1992-96). Simon spent 16 years as an equity research analyst, of which the last 14 years were at Deutsche Bank (1998-2012) where Simon headed up European consumer equity research, and specialised in equity research on European companies in the hotel and travel industries. Simon joined easyHotel UK in June 2013 as its Chief Executive Officer.

Darren Mee *(aged 48), Chief Financial Officer*

Darren is a Chartered Accountant having qualified with PWC (1986-93). Darren has worked for a FTSE 250 company, DS Smith PLC, in a central tax and treasury role (1993-2002) and a FTSE 100 company, TUI Travel PLC (2002–2014) in central corporate transaction and tax roles, followed by finance director and chief operating officer divisional roles managing a global portfolio of over 100 small and medium sized specialist travel companies. Darren joined easyHotel UK in mid-March 2014 as its Chief Financial Officer.

Scott Christie *(aged 48), Independent Non-Executive Director*

Scott qualified as a Chartered Accountant with Coopers & Lybrand. He went on to spend 10 years in senior financial and change management roles with Diageo PLC. He then joined Macdonald Hotels PLC as group finance director and then chief operating officer during a period of expansion across the UK, and subsequent management buy-out. Since 2005 Scott has held a number of executive and non-executive roles in the private equity backed technology and healthcare businesses.

Jonathan Lane *(aged 68), Independent Non-Executive Director*

Jonathan, a Chartered Surveyor, is non executive chairman of Shaftesbury PLC, a FTSE 250 real estate investment trust, which he joined as managing director in 1986,was chief executive until 2011, and deputy chairman until 2013. His charitable roles include non executive chairman of the Tennis Foundation and trustee of the Royal Theatrical Support Trust.

10. Relationship with easyGroup

The Directors believe that easyHotel's relationship with the "easy" brand and easyGroup has been key to easyHotel's development as an international hotel operator. The Directors consider that easyHotel will be able at all times to act independently of easyGroup and its affiliates in the future and accordingly, aside from the Relationship Agreement, Brand Licence Agreement, the long leasehold of the Croydon building and pursuant to certain historic franchise agreements, upon Admission easyHotel will have no formal links to easyGroup.

Brand Licence Agreement

As described in paragraph 3 above, on 24 June 2014, the Company entered into the Brand Licence Agreement with easyGroup IP. Further details of the Brand Licence Agreement are set out in paragraph 9.2 of Part VI of this document.

Relationship Agreement

On 25 June 2014, the Company entered into the Relationship Agreement with easyGroup. The Relationship Agreement contains, *inter alia*, provisions to allow the Company to operate independently of easyGroup, provides that all arrangements between it and the Company will be on arm's length terms and on a normal commercial basis, requires that easyGroup abstain from doing anything which would result in a member of easyHotel not being capable of carrying on independent business, confirms that easyGroup shall not cause the Company to fail or prevent the Company from complying with its AIM and other regulatory obligations, prohibits easyGroup from voting in favour of any resolution to cancel the Company's admission to AIM, confirms that easyGroup agrees to support and uphold the highest standards of best practice regarding substantial shareholders as required by the London Stock Exchange and the FCA (including the independence provisions set out in the FCA's UK Listing Rules, as if they were applicable to the Company but with reference to the AIM Rules for Companies). In addition, easyGroup agrees that where it is deemed to be acting in concert with any other Shareholder(s) such that the aggregate shareholding of easyGroup together with such other persons exceeds 49.0 per cent. of the voting rights attaching to the Company's issued share capital, then easyGroup shall (save with the prior written consent of the Company) limit the exercise of the voting rights attaching to the Ordinary Shares held by it to such number of Ordinary Shares that, when aggregated with the number of Ordinary Shares held by the other members of the concert party, does not exceed 49.0 per cent. of the Company's issued share capital. The provisions of this agreement shall cease to have effect if easyGroup's total interest in securities in the Company falls below 25 per cent. and the share capital of the Company remains admitted to trading on AIM or admitted to the Official List and to trading on the London Stock Exchange. Further details of the Relationship Agreement are set out in paragraph 9.1 of Part VI of this document.

Other

In December 2013 easyGroup IP granted easyHotel UK a lease of the Croydon property for a term of 999 years. The lease was granted to easyHotel UK upon payment of a premium of £1,626,000 (exclusive of VAT) by easyHotel UK to easyGroup IP and provides for a nominal initial rent of £25 per annum (increasing thereafter by £50 every 25 years). Further details of the Croydon lease are set out in paragraph 10 of Part VI of this document.

Under certain of the franchise agreements, easyGroup and easyGroup IP have third party rights that they are able to enforce against the relevant franchisee. Going forward, either easyGroup and/or easyGroup IP could enforce such rights without the consent or not in line with easyHotel's wishes, though this risk is not envisaged by the Directors to be likely. easyGroup is also party to certain of the franchise agreements entered into by easyHotel UK, as a guarantor. Pursuant to such franchise agreements it is anticipated that these guarantees will cease to have effect upon or following Admission.

Shareholder Loan Capitalisation

The existing Shareholder Loan between easyGroup and easyHotel UK of approximately £4.8 million will be capitalised upon Admission such that easyGroup will subscribe for the Loan Capitalisation Shares to be funded by the repayment and application of the Shareholder Loan as detailed in paragraph 9.5 of Part VI of this document. The Loan Capitalisation Shares will be issued fully paid, and following allotment, will rank in full for all dividends or other distributions hereafter declared, made or paid on the ordinary share capital of the Company and will rank *pari passu* in all other respects with all other Ordinary Shares in issue on Admission. The rights attaching to such Ordinary Shares are set out in paragraph 3.1 of Part VI of this document.

11. Dividend policy

The Company has adopted a dividend policy that reflects its strategy of disciplined and value creating investment with the aim of providing Shareholders with long-term dividend growth. The Company intends that dividends will be progressive and be covered by between two to three times underlying earnings. The Board anticipates that the interim and final dividends will generally be paid in the approximate proportions of one-third (interim dividend) and two-thirds (final dividend).

The Directors expect the Company's maiden dividend to be paid in respect of the year ending 30 September 2015.

12. The Placing

Pursuant to the Placing, Investec has conditionally placed, as agent for the Company, 31,551,275 Placing Shares at the Placing Price with institutional and other investors. The Placing has not been underwritten.

The Placing Shares will represent approximately 50.5 per cent. of the Enlarged Issued Share Capital of the Company following Admission. The gross proceeds of the Placing receivable by the Company are expected to be approximately £25.2 million and the net cash proceeds of the Placing (after deduction of expenses estimated in total at approximately £1.1 million (excluding VAT)) are expected to be approximately £24.1 million.

The Directors have, in aggregate, subscribed for 768,750 Placing Shares, representing approximately 1.2 per cent. of the Enlarged Issued Share Capital at the Placing Price pursuant to the Placing. Further details of the Directors' interests in the Company's issued share capital are set out in paragraph 5.1 of Part VI of this document.

easyGroup has subscribed for 3,863,575 Placing Shares, representing approximately 6.2 per cent. of the Enlarged Issued Share Capital; Clelia Haji-Ioannou has subscribed for 1,868,750 Placing Shares, representing approximately 3.0 per cent. of the Enlarged Issued Share Capital; and Polys Haji-Ioannou has subscribed for 1,868,750 Placing Shares, representing approximately 3.0 per cent. of the Enlarged Issued Share Capital, at the Placing Price pursuant to the Placing. Further details of the Concert Party's interests in the Company's issued share capital are set out in paragraph 5.12 of Part VI of this document.

The Placing Shares will be issued fully paid, and following allotment, will rank in full for all dividends or other distributions hereafter declared, made or paid on the ordinary share capital of the Company and will rank *pari passu* in all other respects with all other Ordinary Shares in issue on Admission. The rights attaching to such Ordinary Shares are set out in paragraph 3.1 of Part VI of this document.

The Placing is conditional, *inter alia*, on Admission. The Placing and Admission are subject to certain conditions contained in the Placing Agreement.

The Placing Agreement contains provisions entitling Investec to terminate the Placing Agreement at any time prior to Admission in certain circumstances. If this right is exercised the Placing will lapse. Further details of the Placing Agreement are set out in paragraph 7.1 of Part VI of this document.

13. Lock-in and orderly market arrangements

The Directors

On Admission, the Directors will be interested in an aggregate of 768,750 Ordinary Shares, representing approximately 1.2 per cent. of the Enlarged Issued Share Capital. Details of these interests are set out in paragraph 5 of Part VI of this document. The Directors in respect of themselves and each of their connected persons, have undertaken pursuant to the Placing Agreement to Investec, not to dispose of such interests (subject to certain limited exceptions) until 12 months after the date of the Placing Agreement. The Directors have further undertaken in respect of themselves and each of their connected persons that for a further period of six months thereafter they will (subject to certain limited exceptions) only deal or otherwise dispose of any such interests through Investec, subject to being offered competitive terms as to price and rates of commission.

easyGroup

On Admission, easyGroup will be interested in an aggregate of 34,812,300 Ordinary Shares, representing approximately 55.7 per cent. of the Enlarged Issued Share Capital. easyGroup and each of its connected persons, has undertaken pursuant to the Placing Agreement to Investec, not to dispose of such interests (subject to certain limited exceptions) until six months after the date of the Placing Agreement. easyGroup has further undertaken in respect of itself and its connected persons that for a further period of six months thereafter it will (subject to certain limited exceptions) only deal or otherwise dispose of any such interests through Investec, subject to being offered competitive terms as to price and rates of commission.

Further details of these arrangements are set out in paragraph 7.1 of Part VI of this document.

14. Corporate governance

The Board recognises the importance of sound corporate governance and with that aim, the Company has adopted policies and procedures which reflect the principles of the QCA's Corporate Governance Guidelines for Smaller Quoted Companies ("**QCA Code**") as are appropriate to a company whose shares are admitted to trading on AIM. The Company has chosen to comply with the Corporate Governance Code in so far as it is appropriate for a company whose shares are admitted to trading on AIM.

The Board includes two non-executive directors who are independent and free from any material business or other relationships, which could materially interfere with the exercise of their independent judgment. The Board will meet regularly and is responsible for the overall strategy of the Company, its performance, management and major financial matters.

Audit committee

The Company has established an audit committee, which will comprise Jan Åstrand and Jonathan Lane with Scott Christie as chairman of this committee. A minimum of two of the members of the audit committee shall be independent non-executive Directors. It will meet at least twice each year and at any other time when it is appropriate to consider and discuss audit and accounting related issues. The audit committee is responsible for reviewing the integrity of the financial statements of easyHotel, determining the application of the financial reporting and internal control principles, including reviewing regularly the effectiveness of the Company's financial reporting, internal control and risk-management procedures and the scope, quality and results of the external audit.

Remuneration committee

The remuneration committee is made up of Scott Christie and Jonathan Lane (who will be chairman of this committee), who will review the performance of the executive Directors and set the scale and structure of their remuneration and the basis of their service agreements with due regard to the interests of Shareholders. The committee will meet at least twice a year and in determining the remuneration of executive Directors, the remuneration committee seeks to enable the Company to attract and retain executives of the highest calibre. The remuneration committee also makes recommendations to the Board concerning the allocation of options to executives under the Share Option Scheme referred to in paragraph 4.1 of Part VI of this document and for the administration of this scheme. No Director is permitted to participate in discussions or decisions concerning their own remuneration.

Share Dealing Code

The Board has adopted a code for dealings in the Company's securities by Directors or applicable employees which conforms to the requirements of the AIM Rules for Companies ("**Share Dealing Code**"). The Company will be responsible for taking all proper and reasonable steps to ensure compliance by the Directors and applicable employees with the Share Dealing Code and the AIM Rules for Companies.

The Takeover Code

The Company is incorporated in the UK and its Ordinary Shares will be admitted to trading on AIM. Accordingly, the Takeover Code applies to the Company.

Under Rule 9 of the Takeover Code ("**Rule 9**"), any person who acquires an interest in shares (as defined in the Takeover Code), whether by a series of transactions over a period of time or not, which (taken together with any interest in shares held or acquired by persons acting in concert (as defined in the Takeover Code) with him) in aggregate, carry 30 per cent. or more of the voting rights of a company which is subject to the Takeover Code, that person is normally required by the Panel on Takeovers and Mergers (the "Panel") to make a general offer to all of the remaining shareholders to acquire their shares.

Similarly, when any person, together with persons acting in concert with him, is interested in shares which in aggregate carry not less than 30 per cent. of the voting rights of such a company but does not hold shares carrying more than 50 per cent. of such voting rights, a general offer will normally be required if any further interests in shares are acquired by any such person which increases the percentage of shares carrying voting rights in which he is interested.

An offer under Rule 9 must be in cash or be accompanied by a cash alternative and at the highest price paid by the person required to make the offer, or any person acting in concert with him, for any interest in shares of the company during the 12 months prior to the announcement of the offer.

Under the Takeover Code, a concert party arises where persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate to obtain or consolidate control (as defined below) of a company or to frustrate the successful outcome of an offer for a company. "Control" means holding, or aggregate holdings, of shares carrying 30 per cent. or more of the voting rights of the company, irrespective of whether the holding or holdings give de facto control.

The Panel considers easyGroup, Clelia Haji-Ioannou and Polys Haji-Ioannou (being the brother and sister respectively of easyGroup's founder, Sir Stelios Haji-Ioannou) as persons acting in concert for the purposes of the Takeover Code.

On Admission, the Concert Party will hold 38,549,800 Ordinary Shares, in aggregate, representing approximately 61.7 per cent. of the Enlarged Issued Share Capital. easyGroup will hold 34,812,300 Ordinary Shares, representing approximately 55.7 per cent. of the Enlarged Issued Share Capital, Clelia Haji-Ioannou will hold 1,868,750 Ordinary Shares, representing approximately 3.0 per cent. of the Enlarged Issued Share Capital and Polys Haji-Ioannou will hold 1,868,750 Ordinary Shares, representing approximately 3.0 per cent. of the Enlarged Issued Share Capital.

Since, on Admission, the Concert Party will together hold more than 50 per cent. of the Enlarged Issued Share Capital, it will be free (subject as set out below and further in Note 4 to Rule 9.1, including the acquisition of an interest by a member of the Concert Party to increase their interest to 30 per cent. or more of the issued share capital of the Company, and subject to Panel consent) to increase its aggregate holding of Ordinary Shares without any obligation to make a general offer for the Company under Rule 9.

Further details concerning the shareholdings of the Concert Party are set out in paragraph 5.12 of Part VI of this document.

In addition, and as described more fully in paragraph 10 above and paragraph 9.1 of Part VI of this document, easyGroup has agreed to limit the exercise of voting rights attaching to the Ordinary Shares held by it to such number of Ordinary Shares that, when aggregated with the number of Ordinary Shares held by the other members of the concert party, does not exceed 49.0 per cent. of the issued share capital of the Company.

The Panel has confirmed that easyGroup's voting rights restrictions on the Concert Party set out above do not affect the application of the Takeover Code to the Concert Party's interests in the Company including, in particular for the purposes of Rule 9. The Panel has also confirmed that easyGroup's voting rights restrictions on the Concert Party set out above do not affect the application of the Takeover Code to the Company and all other Shareholders' interests in the Company.

15. Share Option Scheme

The Company has established the Share Option Scheme in order to incentivise executives and employees of easyHotel. Details of the Share Option Scheme are set out in paragraph 4.1 of Part VI of this document and your attention is drawn to this section.

Options have been granted, conditional upon Admission, over 1,625,000 Ordinary Shares (representing 2.6 per cent. of the Enlarged Issued Share Capital) pursuant to the Share Option Scheme.

It is the Company's intention that all options granted upon Admission and any other options granted in the future pursuant to the Share Option Scheme will be satisfied using Ordinary Shares purchased by the trustee of the Employee Benefit Trust from time to time in the market.

16. Admission, settlement and dealing arrangements

Application has been made for admission of the Enlarged Issued Share Capital to trading on AIM. It is expected that Admission will become effective and that dealing in the Ordinary Shares will commence on 30 June 2014. The Ordinary Shares will have the ISIN number GB00BN56KF84.

All New Shares will be issued payable in full at the Placing Price. It is intended that, if applicable, definitive share certificates in respect of the New Shares will be distributed by 14 July 2014 or as soon thereafter as is practicable. No temporary documents of title will be issued.

The Ordinary Shares are not dealt on any other multilateral trading facility or recognised investment exchange and no application has been or is being made for the Ordinary Shares to be admitted to any such exchange.

17. CREST

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument. The Articles permit the holding of Ordinary Shares under the CREST system. The Company has applied for the Ordinary Shares to be admitted to CREST with effect from Admission. Accordingly, settlement of transactions in Ordinary Shares held in uncertificated form following Admission will take place within the CREST system.

CREST is a voluntary system and the holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so.

18. Taxation

Information regarding taxation is set out in paragraph 8 of Part VI of this document. These details are, however, intended only as a general guide to the current tax position under UK taxation law. If you are in any doubt as to your tax position you should consult your own independent financial adviser immediately. Your attention is also drawn to the risk factor on taxation set out on page 40 of this document.

19. Further information

Prospective investors should read the whole of this document which provides additional information on easyHotel and not rely on summaries or individual parts only. In particular, the attention of prospective investors is drawn to Part III of this document, which contains a summary of the risk factors relating to any investment in the Ordinary Shares.

PART III

RISK FACTORS

In addition to all other information set out in this document, the following specific risk factors should be considered carefully by potential investors in evaluating whether to make an investment in the Company. The investment described in this document may not be suitable for all those who receive it. Before making a final decision, investors who are in any doubt are advised to consult their stockbroker, bank manager, solicitor or accountant or other independent professional adviser authorised under the FSMA who specialises in advising on the acquisition of shares and other securities in the United Kingdom.

You should carefully consider the risks described below and ensure that you have read this document in its entirety before making a decision to invest in the Company.

Investing in Ordinary Shares involves a high degree of risk. Prospective investors should carefully consider all the information in this document, including the following risk factors, before investing in Ordinary Shares. Additional risks and uncertainties not presently known to the Company and the Directors or that the Company and the Directors currently consider to be immaterial may also adversely affect the Company's business, operations and financial condition. If any events or circumstances giving rise to any of the following risks, together with possible additional risks and uncertainties of which the Company and the Directors are currently unaware or which the Company and the Directors consider not to be material in relation to the Company's business, actually occur, the Company's business, financial condition and results of future operations could be materially and adversely affected. In such circumstances, the value of the Ordinary Shares could decline due to any of these risks occurring and investors could lose part or all of their investment. In particular, the Company's performance may be affected by changes in market or economic conditions and in legal, regulatory and tax requirements.

There can be no certainty that the Company will be able to implement successfully the strategy set out in this document. No representation is or can be made as to the future performance of the Company and there can be no assurance that the Company will achieve its objectives.

The risks listed below do not necessarily comprise all those faced by the Company and are not intended to be presented in any order of priority.

Risks relating to the Company's business and structure

The Company is reliant on its relationship with easyGroup IP

The Company relies to a significant extent on its relationship with easyGroup IP. The Company does not own its trade marks, domain names or any rights to its orange and white livery, but instead licenses them from easyGroup IP, a subsidiary of easyGroup (please see paragraph 9.2 of Part VI of this document for details of the Brand Licence Agreement). The licence granted under the Brand Licence Agreement is valid for fifty years and can be terminated by easyGroup IP in certain circumstances (as set out in Part VI). The licence imposes duties on the Company to maintain high standards in its use of the brand.

In addition, the Company must devote itself exclusively to the hotel business and the use of the "easyHotel" brand. It must also use the "easyHotel" brand in accordance with easyGroup IP brand guidelines, which may change from time to time and the Company must, if easyGroup IP requests, get the consent of easyGroup IP to any advertising materials or promotional activities which the Company may wish to use. The licence is also limited to class C1 Hotels (which excludes hostels and hotels where any significant element of care is provided) and apartment hotels. The terms of the licence from easyGroup may, therefore, in the future restrict the Company's ability to develop its business as it wishes.

In addition the Company is committed to a minimum annual royalty payment of £100,000 (increasing in accordance with RPI) for the full 50-year period irrespective of the success or otherwise of the Company business (although easyGroup may choose to terminate the licence if the Company does not make significant use of the "easyHotel" brand).

easyGroup may compete with the Company in the hotel sector but may not use an easy brand to do so. It may, however, use an "easy" brand (although not the "easyHotel" brand) to offer ancillary services to the hotel sector.

Significant amounts of effort have been made to protect the "easyHotel" brand in international jurisdictions, as well as the associated website addresses, however, the Company must rely heavily on easyGroup IP to rigorously and actively apply for further trade marks, maintain trade mark registrations and take action against third party infringers although the Company does have certain limited rights to take steps itself. Any failure by easyGroup IP to police properly the use of the "easy" brand by its licensees or to enforce trade mark or domain name or related rights in the brand against infringers or otherwise to comply with its obligations under the Brand Licence Agreement, may have a significant adverse effect on the Company.

If the Company breaches the terms of the licence and fails to remedy such breach its right to use the trade marks and branding could be terminated. However, the Directors believe the cure period to be adequate to remedy most likely breaches. A loss of the licence by the Company could substantially and adversely affect the Company's results, financial condition and business.

easyGroup and easyGroup IP are party to certain franchise agreements under which they have third party rights which they are able to enforce against the relevant franchisee. There is a risk that either easyGroup or easyGroup IP could enforce such rights without the consent of the Company or against the Company's wishes, although the Directors do not envisage that any such third party rights will be enforced against any franchisee. If any such enforcement action is taken by easyGroup or easyGroup IP then this could be damaging to the Company's reputation and relationship with its franchisees and have an effect on revenue due from such franchisees.

easyHotel could suffer from the extension of the "easy" brand

The brand extension scheme being implemented through additional licensing by easyGroup IP holds risks for easyHotel. easyGroup IP has the freedom to determine the extent to which it enforces those licences. easyGroup IP has already licensed, or is expecting to licence, easyJet, easyProperty (selling and letting real estate properties), easyCar (car rental), easyGym (gym services), easyVan (van rental), easyOffice (office spaces rental), easyPizza (pizza delivery), easyMobile (roaming services), easyFoodstore (supermarket services), easyTrains (leisure services) and easy.com (an internet portal and e-mail service) to market their various businesses under the "easy" brand and livery, and that more "easy" group businesses may arise in the future. easyGroup IP or the additional licensees may, through their actions or inactions or through failure or problems in their businesses, damage the "easy" brand for easyHotel by associating it with events, ideas or brand values at odds with easyHotel's image and strategy or by adversely affecting the goodwill in the brand generally. Accidents connected with or failure by other "easy" ventures, particularly if they relate to safety issues, may materially and adversely affect the reputation of easyHotel.

In addition, the extension of the "easy" brand is likely to increase the profile of the brand and increase the attention by "pirates" or infringers, and accordingly, is likely to increase the cost of protecting the brand. As the profile of each licensee increases, the effect of failures or accidents to other licensees of the brand are likely to be more damaging to easyHotel's brand. In November 2000, a person or persons that purport to trade under names with the prefix easy established a website to seek to co-ordinate defences against infringement actions launched by easyGroup IP and the "easy" group businesses. There can be no assurance that infringement actions brought by easyGroup IP or the "easy" group businesses will be successful or that such actions will not undermine the reputation of the "easy" brand as consumer-friendly brand. In general, there can be no assurance that the extension of the "easy" brand will not adversely affect the reputation and image of easyHotel name and branding or be damaging to easyHotel's business.

easyHotel may face difficulties protecting its name and branding

A feature of easyHotel's success is its trade name and branding. Both the words "easy" and "hotel" have descriptive connotations and the scope of protection afforded by a mark of this nature is less extensive than would be the case with a wholly distinctive mark. In addition, easyHotel's use of orange and white livery are difficult to protect as many companies use orange print on a white background (or white print on an orange background) and courts and trade mark registries throughout the world are reluctant to grant any one trader a monopoly in the use of a particular colour or combination of common colours. easyHotel does and is likely to continue to need to spend time and money assisting easyGroup IP in enforcing easyHotel trade marks, domain names and similar rights against potential third party infringers, but there can be no assurance that it will be able to do so with sufficient success to avoid the confusion that can result if other unrelated companies use similar brandings. In addition, because easyHotel does not own its name and branding, but licenses them from easyGroup IP under the Brand Licence Agreement which assigns many brand protection activities to easyGroup IP in the first instance, easyHotel relies heavily on easyGroup IP to apply for further trade marks, maintain trade mark registrations and take action against third party infringers. There can be no assurance that easyGroup IP will take adequate steps to enforce "easyHotel" brand and marks or that it will be able to prevent use of the brand by third parties.

easyHotel uses the internet extensively to make sales. Third parties can and have registered confusingly similar website domain names and may offer similar services, seeking to confuse members of the public with similar branding, or try to sell the domain names to easyHotel at inflated prices. easyHotel does and will have to continue to spend time and money to cooperate with easyGroup IP in taking steps to protect its business from competitors seeking to divert business by the use of confusingly similar domain names and "cybersquatters" seeking to obtain payments for the sale of domain names that they have registered, but there can be no assurance that they will be sufficiently successful in these undertakings to avoid adverse effects on its business.

easyHotel's business, financial condition and results of operations could be affected by the performance of, reputation of and developments affecting, the third-party hotel operators that operate under its franchise agreements

17 of easyHotel's hotels are operated by third-party companies pursuant to franchise agreements (please see paragraph 3 of Part II of this document for further details of such franchise agreements). easyHotel's business, financial condition and results of operations could be affected by these companies' performance under the franchise agreements, as well as the reputation of, and developments affecting, these companies and hotels. The Directors envisage that a franchise development manager will be hired in order to liaise with and monitor easyHotel's franchise arrangements.

Although easyHotel monitors its franchisees' performance, easyHotel does not have the direct authority to require a hotel to be operated in a particular manner or to govern any particular aspect of the daily operations of any hotel (for instance, setting room rates or managing certain personnel). easyHotel has limited ability to affect how these hotels are managed or to change the method of operation of the hotels in the event of sub-standard operation. Should any franchisee's revenue reduce, this would reduce the payment to easyHotel which may have an adverse effect on easyHotel's business, financial condition and results of operations.

As is typical with most franchise arrangements, as part of the contractual franchise arrangements put in place, easyHotel franchisees are typically granted exclusivity rights to operating hotel assets within a specified geographical area. Such rights may be time dependent or dependent on the franchisee meeting its obligations as set out in the franchise agreement with easyHotel. Should the franchisee not meet its obligations pursuant to the franchise agreement then certain provisions in favour of the franchisee, such as exclusivity, may expire. A franchisee may challenge such exclusivity and/or expiration provisions, other than ordinary course termination provisions or arrangements on termination, or a new franchisee may be accused to have breached such exclusivity arrangements which may create adverse publicity or reduce any payments to easyHotel it is due under its franchise arrangements.

As part of easyHotel's franchising arrangements, it approves all new franchise contracts in terms of room layouts, brand standard compliance and financial models. The fabric of the building is critical in terms of ensuring brand policies are adhered to, with monitoring of service helped by the fact that easyHotel's helpdesk is serviced centrally by easyHotel's employees. However, easyHotel does not operate the franchised hotels and as such it is difficult to control brand integrity other than to monitor compliance with brand standards as set out in the franchise agreements. In addition, adverse publicity or other adverse developments that may affect these companies and hotels generally may result in a material adverse effect on easyHotel's reputation and, therefore, its business, financial condition and results of operations.

easyHotel's operating results depend on the reputation and awareness of the "easy" brand under which it operates

easyHotel benefits generally from the strong international consumer recognition of the "easy" brand. As such, if this "easy" brand was brought into disrepute in any way then this could damage the "easyHotel" brand by implication which may have an adverse effect on easyHotel's business, financial condition and results of operations. The Directors believe that easyGroup works to ensure the integrity of its brand licence holders and to protect the "easy" brand generally but such risks are difficult for the Directors to mitigate.

Shareholding of easyGroup

easyGroup is expected to hold approximately 55.7 per cent. of the Enlarged Issued Share Capital and voting rights in the Company following Admission. Whilst the Company has entered into the Relationship Agreement with easyGroup to govern the relationship between them, easyGroup will own a significant proportion of the Ordinary Shares and as such (subject to as set out below) will control a simple majority of the voting rights in the Company. The interests of easyGroup could conflict with the interests of other holders of Ordinary Shares, and easyGroup could make decisions that could have a material adverse effect on the Company's business, revenues, financial condition, results of operations or prospects or trading price of the Ordinary Shares.

As long as easyGroup directly or indirectly holds in excess of 50 per cent. of the Ordinary Shares in the Company, such a holding will enable easyGroup to, among other things, pass ordinary resolutions and block any special resolutions put to Shareholders at a general meeting, although the terms of the Relationship Agreement restrict easyGroup from doing so in certain circumstances. Further details of the Relationship Agreement are set out in paragraph 9.1 of Part VI of this document.

Growth Management

easyHotel's future success will depend, in part, on its ability to manage its anticipated expansion of its directly owned hotel portfolio. If appropriate opportunities present themselves, easyHotel may acquire sites for development into new hotels that it believes are beneficial. The process of site identification, planning financing, construction and launching may produce unforeseen operating difficulties and expenditures and may absorb significant attention of easyHotel's management that would otherwise be available for the ongoing development of its business. Such expansion is expected to place demands on management, support functions, accounting, sales and marketing and other resources. Pursuant to the Relationship Agreement easyGroup has agreed to limit the exercise of voting rights attaching to the Ordinary Shares held by it to such number of Ordinary Shares that, when aggregated with the number of Ordinary Shares held by the other members of the concert party does not exceed 49.0 per cent. of the voting rights attaching to the Company's issued share capital. If easyHotel is unable to manage its expansion effectively, its business and financial results could suffer.

Reputation Risk

easyHotel's reputation is central to its future success, in terms of the services and products it provides to customers and the way in which it conducts its business and the financial results which it achieves. Issues that may give rise to reputational risk include, but are not limited to, failure to deal appropriately with legal and regulatory requirements, money-laundering, fraud prevention, privacy, record-keeping, sales and trading practices, and the credit, liquidity, and market risks inherent in easyHotel's business as well as failure to meet the minimum levels of quality which it promotes itself as providing. If easyHotel fails, or appears to fail, to deal with various issues that may give rise to reputational risk or if it fails to retain clients for any other reason, it could materially harm its business prospects.

Also, failure to meet the expectations of its clients, suppliers, employees, shareholders and other business partners may have a material adverse effect on easyHotel's reputation and future revenue.

Litigation risks

While easyHotel has no material outstanding litigation, there can be no guarantee that current or future actions of easyHotel will not result in litigation. Due to the inherent uncertainty of the litigation process, there can be no assurance that the resolution of any particular legal proceedings will not have a material effect on easyHotel's financial position or results of operations.

If easyHotel suffers uninsured losses, it may lose the value of the damaged asset altogether

easyHotel maintains insurance against all risks commonly insured against by persons carrying on similar businesses to its business and against all risks against which it might reasonably be expected to insure its assets and property in the particular circumstances of the business carried on by it. Inability to obtain such insurance on comparable terms in the future may result in a material adverse effect on the business of easyHotel. For example, the availability or cost of such insurance may be affected by an act or acts of terrorism. In addition, there can be no guarantee that current insurance coverage will not be cancelled or become unavailable to easyHotel on economically reasonable terms. If easyHotel were to suffer damage to an asset for which it was uninsured, it may lose the value of the damaged asset altogether, which could have a material adverse effect on easyHotel's business, financial condition, results of operations, future prospects or the price of the Ordinary Shares.

easyHotel's key senior personnel and management have been and remain material to its growth

easyHotel believes that its growth is partially attributable to the efforts and abilities of the members of its senior management team. If one or more of the members of this team were unable or unwilling to continue in their present position, easyHotel might not be able to replace them easily, which could have a material adverse effect on easyHotel's business, financial condition and results of operations. If easyHotel is unable to retain its executive management team or other key personnel, or attract new qualified personnel to support the growth of its business, this could have a material adverse effect on easyHotel's business, financial condition and results of operations.

easyHotel may face industrial disputes or other disruptions that could interfere with its operations

easyHotel is subject to the risk of industrial disputes and adverse relations, and these disputes and adverse relations could disrupt easyHotel's business operations and materially adversely affect easyHotel's business, financial condition or results of operations. Although easyHotel has not had any material industrial disputes in the past, no assurance can be given that there will not be industrial disputes and/or adverse relations in the future that could have a material adverse effect on easyHotel's operations.

easyHotel is reliant on its property management system, the failure of which could impact adversely on easyHotel's operations and ability to compete

easyHotel's hotel bookings information, including guest information, room occupancy and room price setting capabilities is reliant on a property management system provided by a third party operator, Entee Global Services Limited ("Entee"). Whilst this is common in the hotel industry, there remains a risk that this information, which is vital for the on-going operation of easyHotel's owned and franchised hotels, could be unavailable for a period which could have a material adverse effect on easyHotel's business, financial condition and results of operations. These risks are mitigated by using an escrow agent to store the computer source code required to re-establish the information required to get the Entee system back in operation. Disaster recovery plans are established by Entee, and described in their system documentation.

easyHotel is solely reliant on its website for customer bookings at its owned hotels

easyHotel solely relies on its website www.easyhotel.com for all customer bookings at its owned hotels and for a significant portion of the bookings at franchised hotels, and the website is hosted by a third party company. Any disruption to www.easyhotel.com's booking service may have a material adverse effect on easyHotel's business, financial position or results of operations. The Directors are, however, comfortable that easyHotel's website hosting company has in place sufficient disaster recovery procedures to ensure a smooth transition of services should an event occur which affects easyHotel's website.

easyHotel is exposed to certain risks in relation to information technology and systems

easyHotel is reliant on certain technologies and systems for the running of its business. As a result of any system failures, data viruses, computer "hackers" or other causes, easyHotel may experience operational problems with its information systems. Any material disruption or slowdown of easyHotel's information systems, especially any failures relating to its property management systems, could cause valuable information to be lost or operations to be delayed, which in turn could have a material adverse effect on easyHotel's business, financial condition and results of operations. As part of easyHotel's operations, easyHotel maintains certain personal data, such as names and email addresses, of easyHotel's guests on its databases. Any failure by easyHotel to put in place and maintain adequate processes and controls to ensure the confidentiality of this information, thereby leading to an unauthorised disclosure of private data, may have damaging effects on the reputation and performance of easyHotel.

Changing technology and systems pose inherent risks to easyHotel

easyHotel relies heavily upon certain technologies and systems (including IT systems) for business purposes. It places particular reliance on those systems, and in particular the property management system discussed above, which are highly integrated with business operational processes. Notwithstanding the availability of disaster recovery processes, disruption to those technologies or systems could have a negative impact on the efficacy of the business. In addition, easyHotel may have to make substantial investments in new technologies or systems in order to remain competitive. Any failure on the part of easyHotel to do so may result in easyHotel suffering a competitive disadvantage. If easyHotel selects systems that are unsuccessful or insufficiently aligned with easyHotel's business needs, easyHotel could lose existing customers, fail to attract new customers or incur significant losses.

easyHotel is reliant on a number of key service providers at its owned hotel portfolio

easyHotel's operating model includes the outsourcing of certain key services at its owned hotels, therefore, easyHotel is reliant on the efficient on-going operation of these outsourcing companies. At present easyHotel uses two major suppliers for cleaning and linen provision. Given easyHotel's owned hotels regularly run at full capacity there remains a risk that if either of these companies were to cease operating or operate below standards expected then this would cause operational problems resulting in room outages and consequently poor customer service which could have a material adverse effect on easyHotel's business, financial condition and results of operations.

easyHotel is exposed to risks as a result of existing and changing regulations

easyHotel is subject to regulatory requirements in key areas such as accounting, tax, corporate governance, health and safety, environmental, corruption, employment law, disability access, data privacy and information protection. Changes in these or any of the other regulatory regimes to which easyHotel is subject may require substantial changes to the manner in which easyHotel operates its business and may inhibit easyHotel's use or transmission of customer data. Non-compliance by easyHotel with changing regulatory demands may leave easyHotel open to fines, prosecution, loss of a licence to operate or reputational damage.

easyHotel may borrow to fund its future growth

easyHotel may be required to borrow to fund expansion and the extent of the borrowings and the terms thereof will depend on easyHotel's ability to obtain credit facilities and the lenders' estimate of the stability of easyHotel's cash flow. Any delay in obtaining or failure to obtain suitable or adequate financing from time to time may impair easyHotel's ability to expand its hotel portfolio, which is likely to impact negatively on easyHotel's business, financial condition and results of operations.

The incurring of debt by easyHotel could have a significant impact by:

- increasing easyHotel's vulnerability to downturns in the hotel real estate market and the economy generally;
- exposing easyHotel, or increasing its exposure, to interest rate risk;
- requiring easyHotel to dedicate a substantial portion of cash flow to service debt;

- limiting, through financial and restrictive covenants, easyHotel's ability to pay dividends or otherwise make loans within easyHotel, invest in hotel assets or financial instruments, sell assets, borrow additional funds, issue equity, engage in transactions with affiliates;
- subjecting easyHotel's assets to security interests or creating liens or guarantees; and/or
- placing easyHotel at a competitive disadvantage to less highly leveraged competitors.

Failure to satisfy obligations under any future financing arrangements could give rise to default risk and require easyHotel to re-finance its borrowings

The use of borrowings presents the risk that easyHotel may be unable to service interest payments and principal repayments or comply with other requirements of its facility agreements. Any failure to satisfy debt obligations could result in a default under the terms of future financing arrangements, thereby having a materially adverse effect upon easyHotel's financial condition.

easyHotel's results of operations are affected by foreign exchange fluctuations

At present easyHotel is subject to the effects of foreign exchange fluctuations due to a number of its franchisees operating outside of the UK. easyHotel holds cash balances on behalf of franchisees' future bookings and there is a year end translation impact on holding these balances. easyHotel is also exposed to foreign exchange translation risk given its fees are often derived from overseas income streams. The most significant exposure for easyHotel in this regard would be to movements in the Euro-Sterling exchange rate. The only other exposure in this respect is to the Swiss Franc and the US Dollar. Foreign exchange translation risk is likely to rise in the medium term as easyHotel invests its own capital in major European gateway cities.

easyHotel's international expansion will be affected by foreign regulations

As at the date of this document, easyHotel only operates owned hotels in the UK, but has the intention to operate owned hotels in Europe in the short-medium term. This involves various risks of operating international businesses, with different labour laws, regulations and taxation environments.

easyHotel is unlikely to enter into any more than one new country with regards to owned asset investment in the short term in order to enable the management and Board to fully understand the risks and opportunities of operating in different jurisdictions. Before such an investment takes place the Board will need to approve of the business plan, which would encompass the business opportunity, but also involve a thorough investigation of the costs and risks of operating in that regulatory environment.

Risks relating to easyHotel's properties

Future hotel developments may be limited by planning risk

easyHotel's owned hotel growth strategy is to convert existing commercial properties into hotels which requires planning permission, therefore, is dependent on the success of its applications for planning permission. Current or future planning applications may not result in full planning permission and planning permissions, if granted, may be on unduly onerous terms. Failure to obtain such permissions may reduce the speed at which easyHotel can implement its growth strategy, which may have an adverse impact on easyHotel's business, results of operations, financial condition and/or prospects.

As at the date of this document, easyHotel's Old Street, London property has not received planning approval for the 70 additional rooms that were completed in March 2014. A preliminary planning application was made by easyHotel UK on 29 May 2014 and the Directors believe that easyHotel will secure appropriate approvals with the relevant local planning authority in due course.

Further, easyHotel's owned hotel growth strategy is also contingent upon an effectively functioning planning system. Changes in law or policy affecting planning, infrastructure or environmental issues could adversely affect the timing or costs associated with development opportunities. In addition, developments can also be subject to financial and other obligations for public improvements which can be substantial. Laws and regulations relating to the protection of the environment and sustainable building can also cause delays and increased costs. There is a risk that if national or local planning policy changes become more restrictive, there may be an impact upon the development opportunities for easyHotel's ability to obtain planning permissions in the timescales required. Laws and regulations may change in ways that may have an adverse effect on easyHotel's business, results of operations, financial condition and/or prospects.

The value of easyHotel's property portfolio may fluctuate as a result of factors outside easyHotel's control

Property investments are subject to varying degrees of risks. Values are affected (among other things) by changing demand, changes in general economic conditions, changing supply within a particular area of competing space and attractiveness of real estate relative to other investment choices. The value of the property may also fluctuate as a result of other factors outside easyHotel's control, such as changes in regulatory requirements and applicable laws (including in relation to taxation and planning), political conditions, the condition of financial markets, potentially adverse tax consequences, interest and inflation rate fluctuations and higher accounting and control expenses. easyHotel's business and financial condition could be adversely affected by a downturn in the property market.

Investments in property are relatively illiquid

Investments in property are relatively illiquid and investors may be reluctant to purchase or sell property in the current market. Investor appetite for commercial real estate may be dampened by the dislocation of the global financial markets and the limited availability of financing, any resulting decrease in the value of easyHotel's property assets, including on account of decreased demand for commercial and/or government occupied office space, adverse change in retail economic conditions and/or decline in the hotel industry. The resulting lack of liquidity in commercial real estate may inhibit easyHotel's ability to strategically adjust the identity and mix of its property portfolio.

Property valuation is inherently subjective and uncertain

Valuations of property and property-related assets are inherently subjective due to the individual nature of each property. As a result, valuations are subject to uncertainty and, in determining market value, valuers are required to make certain assumptions and such assumptions may prove to be inaccurate. This is particularly so in periods of volatility or when there is limited real estate transactional data against which property valuations can be benchmarked. There can also be no assurance that these valuations will be reflected in the actual transaction prices, even where any such transactions occur shortly after the relevant valuation date, or that the estimated yield and annual rental income will prove to be attainable.

New owned hotel development may take longer and cost more to complete

easyHotel's policy at present is to convert existing commercial properties into hotels. Whilst easyHotel endeavours to only enter into watertight "turn key" hotel construction contracts with its builder suppliers, there inevitably remains an element of risk associated with any disagreements regarding the work required. Any increases in costs relating to these construction projects or the late delivery of such projects could have a material adverse effect on easyHotel's business, financial condition and results of operations.

easyHotel seeks to mitigate this risk by having explicit construction contracts that require the construction firm to inform easyHotel regarding any issues which would prevent delivery of the hotel and also include specific damages clauses for late delivery of projects. easyHotel also restricts the quantum of work that the construction company can take on with other clients outside of their specific contract. This mitigates the risk that the construction company has financial difficulties caused by projects with alternative clients other than easyHotel.

Risks relating to the hotel industry

easyHotel is subject to certain risks common to the hotel industry, some of which are beyond its control

easyHotel currently owns and franchises hotels in nine countries. easyHotel's operations and the results of its operations are subject to a number of factors that could adversely affect easyHotel's business. The most significant for investors, and all material factors known at the present time are:

(a) a downturn in international market conditions or the national, regional and/or local political, economic and market conditions in the countries in which easyHotel operates, which may diminish the demand for leisure and business travel and meeting/conference space;

(b) increased competition and periodic local oversupply of guest accommodation in the cities in which easyHotel has hotels;

(c) changes in travel patterns or in the structure of the travel industry, including any increase in, or the imposition of new taxes on, air travel;

(d) increases in operating expenses as a result of inflation, increased personnel costs and healthcare related costs, higher utility costs (including energy costs), increased taxes and insurance costs, as well as unanticipated costs as a result of acts of nature and their consequences and other factors that may not be capable of being offset by increased room rates;

(e) changes in governmental laws and regulations, including those relating to employment, environmental concerns, fiscal policies and zoning ordinances and the related costs of compliance;

(f) high oil prices adversely affecting travel; and

(g) the adverse effects of the global economic downturn.

The impact of any of these factors (or a combination of them) may adversely affect room rates and occupancy levels in easyHotel's hotels, or otherwise cause a reduction in easyHotel's revenues. Such factors (or a combination of them) may also adversely affect the value of easyHotel's hotels and in either such case would have a material adverse effect on easyHotel's business, financial condition and results of operations.

easyHotel is exposed to the risk of events that adversely impact domestic or international travel

easyHotel's room rates and occupancy levels could be adversely affected by events such as epidemics, travel-related accidents, travel-related industrial action, increased transportation and fuel costs, increased transport related taxes and natural disasters (such as ash clouds caused by volcanic eruptions, earthquakes and hurricanes) resulting in reduced worldwide travel or other local factors impacting individual hotels.

easyHotel may not be able to increase or maintain the number of directly owned properties or properties operated by its franchisees

Competition may generally reduce the number of suitable franchise and investment opportunities offered to easyHotel and increase the bargaining power of property owners seeking to become a franchisee or sell a property suitable for conversion to a hotel. easyHotel is targeting expansion of its directly owned portfolio in a number of gateway cities across Europe where it may face competition for land or buildings that it may wish to acquire to build hotels which may restrict its ability to acquire such sites or its ability to acquire such sites to meet easyHotel's pre-tax target hurdle return on Invested Capital of 15 per cent.

There can be no assurance that easyHotel will be able to identify, retain or add franchisees. There are also risks that significant franchisees or groups or franchisees may have interests that conflict, or are not aligned with, those of easyHotel. Changes in legislation or regulations may be implemented that have the effect of favouring franchisees relative to brand owners.

easyHotel has entered into certain franchise agreements that may be subject to local law requirements

A number of the jurisdictions in which easyHotel operates may have rules and regulations in relation to franchise agreements to which additional terms may be implied notwithstanding that such agreements are governed by English law. If such implied terms do apply to the franchise agreements entered or to be entered into by easyHotel and are detrimental to easyHotel, this would have a negative impact on easyHotel's results of operation, financial condition or operations.

Environmental and/or health and safety compliance costs and liabilities may have a material adverse effect on easyHotel's financial condition and operations

As an owner and operator of hotels, easyHotel is subject to a variety of European Union and national laws and regulations concerning environmental and/or health and safety ("EHS") matters. While the Directors believe that easyHotel is in compliance in all material respects with EHS laws and regulations currently applicable to it, there can be no assurance that easyHotel will not be found to be in breach of EHS laws and regulations. The failure to comply with present or future EHS laws and regulations could result in regulatory action, the imposition of fines or third party claims which could in turn have a material adverse effect on easyHotel's results of operation, its financial condition and/or its reputation. In addition, compliance with new EHS laws and regulations could require easyHotel to incur significant expenditure that could have a material adverse effect on easyHotel's results of operation, financial condition or operations.

The hotel sector is subject to various regulations and registration requirements

As with the operation of any hotel group there are various regulations and registration requirements to be adhered to in areas such as environmental licences, fire safety regulations etc. Failure to comply with regulations and registration requirements could have a significant effect on easyHotel's business, financial condition or results of operations.

Risks relating to the Ordinary Shares

Possible volatility of the price of the Ordinary Shares

The market price of the Ordinary Shares could be subject to significant fluctuations due to a change in sentiment in the market regarding the Ordinary Shares (or securities similar to them) or in response to various factors and events, including any regulatory changes affecting the operations of the Company, variations in the operating results of the Company and business developments of the Company or its competitors.

Stock markets have from time to time experienced significant price and volume fluctuations which have affected the market prices for securities which may be unrelated to the Company's operating performance or prospects. Furthermore the Company's operating results and prospects from time to time may be below the expectations of market analysts and investors. Any of these events could result in a decline in the market price of the Ordinary Shares. The trading prices of the Ordinary Shares may go down as well as up and Shareholders may, therefore, not recover their original investment costs.

There can be no assurance that the Directors or other Shareholders will not elect to sell their Ordinary Shares when they are legally entitled so to do. The market price of Ordinary Shares could decline as a result of any sales of such Ordinary Shares or as a result of the perception in the market which may occur as a result of such a sale. If these or any other sales were to occur, the Company may in the future have difficulty in offering or selling Ordinary Shares at a time or at a price it deems appropriate.

Dividends

The dividend policy of the Company is dependent upon its financial condition, cash requirements, future prospects, profits available for distribution and other factors deemed to be relevant at the time and on the continued health of the markets in which it operates. There can be no guarantee that the Company will pay dividends in the foreseeable future.

Tax considerations

Changes in tax laws or subordinate legislation or the practice of any taxation authority could have a material adverse effect on the Company. An investment in the Company may involve complex tax considerations which may differ for each investor and each investor is advised to consult its own tax advisers. Any tax legislation and its interpretation and the legal and regulatory regimes which apply in relation to an investment in the Company may change at any time.

Investors should refer to the paragraph entitled "United Kingdom taxation" in paragraph 8 of Part VI of this document for a summary of the possible tax consequences of owning the Ordinary Shares.

Securities traded on AIM

The Ordinary Shares will be traded on AIM rather than on the Official List. An investment in shares traded on AIM may carry a higher risk than an investment in shares listed on the Official List. Investors should be aware that the value of the Ordinary Shares may be volatile and may go down as well as up and investors may therefore not recover their original investment especially since the market in the Ordinary Shares on AIM may have limited liquidity.

The price at which investors may dispose of their shares in the Company may be influenced by a number of factors some of which may pertain to the Company and others of which are extraneous. Investors may realise less than the original amount invested.

Conditionality of the Placing

The Placing is conditional upon, among other things, Admission. In the event that any condition to which Admission is subject is not satisfied or, if capable of waiver, waived, Admission will not be implemented.

No prior market for the Ordinary Shares

Before Admission, there has been no prior market for the Ordinary Shares. Although application has been made for the Ordinary Shares to be admitted to trading on AIM, an active public market may not develop or be sustained following Admission.

There is no guarantee that the Company will maintain its quotation on AIM

The Company cannot assure investors that the Company will always retain a quotation on AIM. Additionally, if in the future the Company decides to obtain a listing or quotation on another exchange in addition to AIM, the level of liquidity of the Ordinary Shares traded on AIM could decline.

Issuance of additional Ordinary Shares

Although the Company's business plan does not involve the issuance of Ordinary Shares other than in connection with the Placing, it is possible that the Company may decide to issue, pursuant to a public offer or otherwise, additional Ordinary Shares in the future at a price or prices higher or lower than the Placing Price. An additional issue of Ordinary Shares by the Company, or the public perception that an issue may occur, could have an adverse effect on the market price of Ordinary Shares and could dilute the proportionate ownership interest, and hence the proportionate voting interest, of Shareholders if, and to the extent that, such an issue of Ordinary Shares is not effected on a pre-emptive basis or Shareholders do not take up their rights to subscribe for further Ordinary Shares as part of a pre-emptive offer.

Substantial sales of Ordinary Shares

There can be no assurance that certain Shareholders will not elect to sell their Ordinary Shares following the expiry of the lock-in and orderly marketing arrangements contained within the Placing Agreement, details of which are set out in paragraph 7.1 of Part VI of this document, or otherwise. The market price of Ordinary Shares could decline as a result of any such sales of Ordinary Shares or as a result of the perception that these sales may occur. In addition, if these or any other sales were to occur, the Company may in the future have difficulty in offering Ordinary Shares at a time or at a price it deems appropriate.

Suitability

Investment in the Ordinary Shares may not be suitable for all readers of this document. Readers are accordingly advised to consult your stockbroker, bank manager, solicitor or accountant or other independent financial adviser, being (in the case of persons resident in the United Kingdom) an organisation or firm authorised pursuant to FSMA who specialises in investments of this nature before making any investment decision.

PART IV

FINANCIAL INFORMATION ON EASYHOTEL UK

Section A: Accountant's Report on the Historical Financial Information of easyHotel UK

BDO LLP
55 Baker Street
London
W1U 7EU

25 June 2014

The Directors
easyHotel plc
80 Old Street
London EC1V 9AZ

Investec Bank plc
2 Gresham Street
London EC2V 7QP

Dear Sirs

easyHotel UK Limited

Introduction

We report on the financial information set out in Section B of Part IV of the Admission Document (as defined below). This financial information has been prepared for inclusion in the admission document dated 25 June 2014 of easyHotel plc (the "Company") (the "Admission Document") on the basis of the accounting policies set out in note 1 to the financial information. This report is required by paragraph (a) of Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that paragraph and for no other purpose. We have not audited or reviewed the financial information for the six months ended 31 March 2013 which has been included for comparative purposes only and accordingly do not express an opinion thereon.

Responsibilities

The directors of the Company are responsible for preparing the financial information in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility arising under paragraph (a) of Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided to the fullest extent permitted by the law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules for Companies, consenting to its inclusion in the Admission Document.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions outside the United Kingdom and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the easyHotel UK Limited as at 31 December 2011, 30 September 2012, 30 September 2013 and 31 March 2014 and of its results, cash flows, changes in equity for the year ended 31 December 2011, period ended 30 September 2012, year ended 30 September 2013 and six months ended 31 March 2014 in accordance with International Financial Reporting Standards as adopted by the European Union.

Declaration

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules for Companies we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules for Companies.

Yours faithfully

BDO LLP

Chartered Accountants

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC30512).

Section B: Historical Financial Information of easyHotel UK

Statements of Comprehensive Income

	Note	*Year ended 30 December 2011*	*Nine months ended 30 September 2012*	*Year ended 30 September 2013*	*Six months ended 31 March 2014*	*Unaudited Six months ended 31 March 2013*
		£	*£*	*£*	*£*	*£*
Systems sales		11,161,353	10,326,230	15,198,682	8,013,269	6,536,263
Payments to franchisees		9,799,015	(9,001,676)	(12,555,184)	(6,743,066)	(5,364,409)
Revenue	4	1,362,338	1,324,554	2,643,498	1,270,203	1,171,854
Cost of sales		(211,515)	(365,268)	(380,524)	(310,713)	(271,272)
Gross profit		1,150,823	959,286	2,262,974	959,490	900,582
Administrative expenses		(988,226)	(639,091)	(925,425)	(580,804)	(408,876)
Profit from operations		162,597	320,195	1,337,549	378,686	491,706
Finance income	8	–	–	28,307	–	–
Finance expense	9	(17,579)	(35,997)	–	(36,165)	(80,392)
Profit/(Loss) before taxation tax		145,018	284,198	1,365,856	342,521	411,314
Taxation	10	152,761	107,713	(351,247)	(75,354)	(105,774)
Profit for the period		297,779	391,911	1,014,609	267,167	305,540
Other comprehensive income		–	–	–	–	–
Total comprehensive income for the period		297,779	391,911	1,014,609	267,167	305,540
Attributable to equity holders of the Company		297,779	391,911	1,014,609	267,167	305,540
Earnings per share for profit attributable to the ordinary equity holders of the Company						
Basic and diluted (pence)	11	29,777,900	19,595,550	50,730,450	13,358,350	15,277,000

Statements of Financial Position

	Note	*30 December 2011* £	*30 September 2012* £	*30 September 2013* £	*31 March 2014* £
Assets					
Non-current assets					
Property, plant and equipment	13	52,319	12,136,218	11,770,333	16,781,799
Deferred tax assets	18	152,761	260,474	–	–
Total non-current assets		205,080	12,396,692	11,770,333	16,781,799
Current assets					
Trade and other receivables	14	1,961,469	2,161,408	27,359	368,611
Cash and cash equivalents	15	513,045	1,185,666	851,751	2,362,315
Total current assets		2,474,514	3,347,074	879,110	2,730,926
Total assets		2,679,594	15,743,766	12,649,443	19,512,725
Non-current liabilities					
Trade and other payables	16	525,145	553,820	466,367	448,409
Bank borrowings	17	–	–	–	7,200,000
Deferred tax liability	18	–	–	55,971	81,089
Total non-current liabilities		525,145	553,820	522,338	7,729,498
Current liabilities					
Trade and other payables	16	3,147,000	12,790,586	8,678,334	8,017,053
Corporation taxation liability		–	–	34,802	85,038
Total current liabilities		3,147,000	12,790,586	8,713,136	8,102,091
Total liabilities		3,672,145	13,344,406	9,235,474	15,831,589
Net assets		(992,551)	2,399,360	3,413,969	3,681,136
Equity					
Total equity attributed to owners of the Company					
Share capital	19	1	2	2	2
Share premium	20	–	2,999,999	2,999,999	2,999,999
Retained earnings/(accumulated loss)	20	(992,552)	(600,641)	413,968	681,135
Total equity		(992,551)	2,399,360	3,413,969	3,681,136

Statements of Cash Flows

	Year ended 31 December 2011 £	*Nine months ended 30 September 2012* £	*Year ended 30 September 2013* £	*Six months ended 31 March 2014* £	*Six months ended 31 March 2013* £
Cash flows from operating activities					
Profit before taxation for the period	145,018	284,198	1,365,856	342,521	411,314
Adjustments for;					
Depreciation of property, plant and equipment	18,453	42,971	366,515	109,574	94,364
Finance income	–	–	(28,307)	–	–
Finance expense	17,579	35,997	–	36,165	80,392
Operating cash flows before movements in working capital	181,050	363,166	1,704,064	488,260	586,070
(Increase)/decrease in trade and other receivables	(187,822)	(199,939)	2,134,049	(341,252)	2,086,480
Increase/(decrease) in trade and other payables	118,204	1,069,900	(264,065)	698,814	90,236
Cash generated from operations	111,432	1,233,127	3,574,048	845,822	2,762,786
Income tax paid	–	–	–	–	–
Net cash flows from operating activities	111,432	1,233,127	3,574,048	845,822	2,762,786
Finance income	–	–	28,307	–	–
Finance expense	(17,579)	(35,997)	–	(36,165)	(80,392)
Net cash generated in operations	93,853	1,197,130	3,602,355	809,657	2,682,394
Investing activities					
Purchase of property, plant and equipment	(39,294)	(12,126,870)	(630)	(5,121,040)	–
Net cash used in investing activities	(39,294)	(12,126,870)	(630)	(5,121,040)	–
Financing activities					
Issue of ordinary share capital	–	3,000,000	–	–	–
Shareholder's loan (repaid)/advanced	134,039	8,602,361	(3,935,640)	(1,378,053)	(2,575,494)
Bank of borrowings advanced	–	–	–	7,200,000	–
Net cash generated from financing activities	134,039	11,602,361	(3,935,640)	5,821,947	(2,575,494)
Net increase/(decrease) in cash and cash equivalents	188,598	672,621	(333,915)	1,510,564	106,900
Cash and cash equivalents at the beginning of the period	324,447	513,045	1,185,666	851,751	1,185,666
Cash and cash equivalents at the end of the period	513,045	1,185,666	851,751	2,362,315	1,292,566

Statement of Changes in Equity

	Share Capital £	*Share Premium* £	*(Accumulated Loss)/ Retained Earnings* £	*Total* £
At 1 January 2011	1	–	(1,290,331)	(1,290,330)
Total comprehensive income for the year	–	–	297,779	297,779
At 31 December 2011	1	–	(992,552)	(992,551)
Issue of Share capital	1	2,999,999	–	3,000,000
Total comprehensive income for the nine months	–	–	391,911	391,911
At 30 September 2012	2	2,999,999	(600,641)	2,399,360
Total comprehensive income for the year	–	–	1,014,609	1,014,609
At 30 September 2013	2	2,999,999	413,968	3,413,969
Total comprehensive income for the six months	–	–	267,167	267,167
At 31 March 2014	2	2,999,999	681,135	3,681,136

	Share Capital £	*Share Premium* £	*(Accumulated Loss)/ Retained Earnings* £	*Total* £
Unaudited				
At 30 September 2012	2	2,999,999	(600,641)	2,399,360
Total comprehensive income for the six months	–	–	305,540	305,540
At 31 March 2013	2	2,999,999	(295,101)	2,704,900

NOTES TO THE FINANCIAL INFORMATION

1. Accounting policies

Basis of preparation

The principal accounting policies adopted in the preparation of the financial information are set out below. The policies have been consistently applied to all the periods presented.

The financial information has been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively "IFRSs") issued by the International Accounting Standards Board (IASB) as adopted by the European Union ("adopted IFRSs").

All amounts are presented in Pound Sterling (GBP, £).

Revenue

Revenue arises from the sale of goods and provision of services where these activities give rise to economic benefits received and receivable by the Company on its own account and result in increases in equity. Revenue is the full amount that the customer pays for our owned and operated hotels, plus fees that we charge to our franchisees (excluding VAT and similar taxes).

Provided the amount, if applicable, can be measured reliably and it is probable that the Company will receive the consideration, revenue for services is recognised as follows:

Owned – primarily derived from hotel operations, including the rental of rooms and *ad hoc* utility services sales from owned hotels operated under the "easy" brand name. Revenue is recognised when rooms are occupied and *ad hoc* utility services are sold.

Franchise fees – received in connection with the license of the Company's brand name, usually under long-term contracts with the hotel owner. The Company charges franchise royalty fees and processing fees as a percentage of room revenue and in some cases receives an upfront fee on the grant of a franchise. Revenue is earned and recognised when the customer has occupied the room at the franchisee's operated hotel accommodation and for upfront fees revenue is recognised evenly over the term of the franchise.

Foreign currency

Transactions entered into by Company entities in a currency other than the currency of the primary economic environment in which they operate (their "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss and is included under administrative expenses.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker has been identified as the board of directors.

Financial assets

The Company classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The Company has not classified any of its financial assets at fair value through profit or loss, as available for sale or held to maturity.

The Company's accounting policy for loans and receivables are as follows:

The Company's loans and receivables comprise trade and other receivables and cash and cash equivalents in the Statement of Financial Position. These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Statement of Comprehensive Income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. The Company has not classified any of its financial liabilities at fair value through profit or loss.

The Company's accounting policy for other financial liabilities is as follows:

Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

IFRS 7 fair value measurement hierarchy

IFRS 7 requires certain disclosures which require the classification of financial assets and financial liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurement (see note 3). The fair value hierarchy has the following levels:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The level in the fair value hierarchy within which the financial asset or financial liability is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement. Financial assets and financial liabilities are classified in their entirety into only one of the three levels.

Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability.

The Company's ordinary shares are classified as equity instruments.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings, if any, pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Current taxation

The current tax is based upon the taxable profit for the period together with adjustments, where necessary, in respect of prior periods. The Company's asset or liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the financial period end date.

Current tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the Statement of Financial Position differs from its tax base.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when declared by the directors. In the case of final dividends, this is when approved by the shareholders at the AGM.

Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost and subsequently stated at cost less accumulated depreciation and, where appropriate, provision for impairment in value or estimated loss on disposal.

Freehold land is not depreciated. Depreciation is provided on all other items of property, plant and equipment so as to write off their carrying value, less its residual value, over their expected useful economic lives. It is provided at the following rates:

Freehold building core	–	over 50 years
Freehold building surface finishes and services	–	over 20 years
Plant and machinery	–	over 20 years
Furniture and equipment	–	over 3-5 years

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Provisions

Provisions are recognised for liabilities of uncertain timing or amounts that have arisen as a result of past transactions and are discounted at a pre-tax rate reflecting current market assessments of the time value of money and the risks specific to the liability.

Standards, amendments and interpretations to published standards not yet effective

The following standards, interpretations and amendments, have been published but have not been endorsed by the European Union, or are not effective for the periods presented and the Company has chosen not to early adopt.

- IFRS 7 (Amendment) : Financial Instruments: Disclosures
- IFRS 9: Financial Instruments (to be confirmed)

- IFRS 10: Consolidated Financial Statements *
- IFRS 11: Joint Arrangements *
- IFRS 12: Disclosure of Interests in Other Entities *
- IFRS 13: Fair Value Measurement (from 1 January 2013)
- IFRS 14: Regulatory Deferral Accounts (from 1 January 2016)
- IAS 27: Separate Financial Statements *
- IAS 28: Investments in Associations and Joint Ventures *
- IAS 1 (Amendment): Presentation of financial statements (from 1 July 2012)
- IAS 12 (Amendment): Income taxes (from 1 July 2012)
- IAS 19 (Amendment): Employee Benefits (from 1 July 2014)
- IAS 36 (Amendment): Impairment of assets (from 1 January 2014)
- IAS 39 (Amendment): Financial instruments Recognition and Measurement (from 1 January 2014)
- IFRIC 21: Levies (from 1 January 2014)
- Annual improvements to IFRS (from 1 July 2014)

* IFRS 10, IFRS 11, IFRS 12, the amended IAS 27 and IAS 28, and the consequential amendments, has to be applied at the latest, from financial years starting on or after 1 January 2014.

IFRS 9: Financial Instruments (effective date to be confirmed). It is envisaged that this standard will replace IAS 39: Financial Instruments: Recognition and Measurement in its entirety. IFRS 9 (2010) deals with classification and measurement of financial assets and its requirements represent a significant change from the existing requirements in IAS 39 in respect of financial assets. The standard contains two primary measurement categories for financial assets: at amortised cost and fair value. A financial asset would be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and the asset's contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets would be measured at fair value. The standard eliminates the existing IAS 39 categories of held to maturity, available for sale and loans and receivables. IFRS 9 has not yet been adopted by the European Union.

IFRS 13: Fair value measurement (effective for accounting periods beginning on or after 1 January 2013). This standard sets the framework for measuring fair values under IFRS.

The Company is currently assessing the impact of these amendments, revisions and interpretations on its Financial Statements but, at this stage, does not consider that they will have a significant material effect save for any additional disclosure requirements.

2. Critical accounting estimates and judgements

The Company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below.

(a) ***Impairment of assets***

The Company is required to consider assets for impairment where such indicators exist using value in use calculations or fair value estimates. The use of these methods may require the estimation of future cash flows and the choice of a discount rate in order to calculate the present value of the cash flows. Actual outcomes may vary.

(b) ***Useful lives of intangible assets and property, plant and equipment***

Property, plant and equipment are amortised or depreciated over their useful lives. Useful lives are based on the management's estimates of the period that the assets will generate revenue, which are periodically reviewed for continued appropriateness. Changes to estimates can result in significant variations in the carrying value and amounts charged to the Statement of Comprehensive Income in specific periods. More details including carrying values are included in notes.

(c) ***Taxation***

The Company is subject to income tax and significant judgement is required in determining the provision for income taxes. During the ordinary course of business, there are transactions and calculations for which the ultimate tax determination is uncertain. As a result, the Company recognises tax liabilities based on estimates of whether additional taxes and interest will be due. These tax liabilities are recognised when the Company believes that certain positions are likely to be challenged and may not be fully sustained upon review by tax authorities. The Company believes that its accruals for tax liabilities are adequate for all open audit years based on its assessment of many factors including past experience and interpretations of tax law. This assessment relies on estimates and assumptions and may involve a series of complex judgments about future events. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact income tax expense in the period in which such determination is made.

3. Financial instruments – Risk Management

The Company is exposed through its operations to the following financial risks:

- Credit risk
- Fair value or cash flow interest rate risk
- Foreign exchange risk
- Other market price risk
- Liquidity risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

Principal financial instruments

The principal financial instruments used by the Company, from which financial instrument risk arises, are as follows:

- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables

Financial assets – Loans and receivables

	31 December 2011	*30 September 2012*	*30 September 2013*	*31 March 2014*
	£	*£*	*£*	*£*
Cash and cash equivalents	513,045	1,185,666	851,751	2,362,315
Trade and other receivables	177,413	4,378	–	308,123
Total financial assets	690,458	1,190,044	851,751	2,670,438

Financial liabilities at amortised cost

	31 December 2011	*30 September 2012*	*30 September 2013*	*31 March 2014*
	£	*£*	*£*	*£*
Trade and other payables	2,423,703	11,506,581	7,358,770	6,152,405
Bank borrowings	–	–	–	7,200,000
Total financial liabilities	2,423,703	11,506,581	7,358,770	13,352,405

Financial instruments measured at fair value

No financial instruments are measured at fair value, accordingly no hierarchy information is present.

General objectives, policies and processes

The Board has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The Board receives monthly reports from the Company Financial Controller through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below:

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. On the basis that customers primarily prepay for hotel occupancy, the Company's exposure to credit risk from trade and other receivables is considered insignificant.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with minimum rating "A" are accepted.

The Company does not enter into derivatives to manage credit risk.

Market risk

Market risk arises from the Company's use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

Fair value and cash flow interest rate risk

The Company is primarily funded through a mix of bank borrowings and an interest free loan from a fellow group entity, which facility is repayable on demand. The Company obtained a bank borrowing facility during the period ended 31 March 2014 in the amount of £8.7 million. Any amount borrowed bear interest at 1.92 per cent. above UK base rate. At 31 March 2014 £7.2 million of the facility had been utilised. A 50 basis point increase in the interest rate would, all other variables kept constant, have decreased the profit before tax by £9,000 for the period ended 31 March 2014, while a 50 basis point decrease would have had increased profit before tax by the same amount.

Foreign exchange risk

Foreign exchange risk arises because the Company has franchisees located in various parts of Europe whose functional currency is not the same as the functional currency of the Company, and the Company takes bookings on their behalf in foreign currencies. The Company maintains bank accounts in these currencies to provide a natural hedge.

Foreign exchange risk also arises when the Company enter into transactions denominated in a currency other than their functional currency. Given the volume and magnitude of such transactions it is not considered sufficient to warrant hedging the risk exposure.

The Company's policy is, where possible, to settle liabilities denominated in their functional currency (primarily Euro) with the cash generated from their own operations in that currency.

As of 31 March 2014 the Company's financial assets and financial liabilities were denominated in the following currencies:

	EUR	*USD*	*CHF*	*Total*
	£	*£*	*£*	*£*
31 December 2011				
Financial assets				
Cash and cash equivalents	138,108	62,946	36,874	237,928
Total financial assets	138,108	62,946	36,874	237,928
Financial liabilities				
Trade and other payables	49,264	44,200	44,258	137,722
Total financial liabilities	49,264	44,200	44,258	137,722
30 September 2012				
Financial assets				
Cash and cash equivalents	214,948	158,625	153,015	526,588
Total financial assets	214,948	158,625	153,015	526,588
Financial liabilities				
Trade and other payables	166,303	32,392	51,160	249,855
Total financial liabilities	166,303	32,392	51,160	249,855
30 September 2013				
Financial assets				
Cash and cash equivalents	160,352	62,457	206,747	429,556
Total financial assets	160,352	62,457	206,747	429,556
Financial liabilities				
Trade and other payables	149,343	4,382	37,393	191,118
Total financial liabilities	149,343	4,382	37,393	191,118

	EUR	*USD*	*CHF*	*AED*	*Total*
	£	*£*	*£*	*£*	*£*
31 March 2014					
Financial assets					
Cash and cash equivalents	271,276	159,197	256,818	–	687,291
Trade and other receivables	233,785	–	–	–	233,785
Total financial assets	505,061	159,197	256,818	–	921,076
Financial liabilities					
Trade and other payables	–	–	18,947	35,924	54,871
Total financial liabilities	–	–	18,947	35,924	54,871

The effect of a 5 per cent. strengthening of Pound Sterling at the reporting date on the foreign denominated financial instruments carried at that date would, all variables held constant, have resulted in an decrease in total comprehensive income for the period and decrease of net assets of £41,248 (30 September 2013: £11,354; 30 September 2012: £13,178; 31 December 2011: £4,772). A 5 per cent. weakening in the exchange rate would, on the same basis, have increased total comprehensive income and net assets by £45,590 (30 September 2013: £12,549; 30 September 2012: £14,565; 31 December 2011: £5,274).

Liquidity risk

Liquidity risk arises from the Company's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, the Company finances its operations through a mix of equity and borrowings. The Company's objective is to provide funding for future growth and achieve a balance between continuity and flexibility through its bank facilities and intergroup loans. The Company has negotiated a £8.7 million bank facility in January 2014. At 31 March 2014 the Company has utilised £7.2 million of the facility in order to acquire further hotel premises (30 September 2013: £Nil; 30 September 2012: £Nil; 31 December 2011: £Nil).

The Board receives cash flow projections on a regular basis as well as information regarding cash balances. At the end of the financial year, these projections indicated that the Company expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

	Up to 3 months	*Between 3 and 12 months*	*Between 1 and 2 year*	*Between 2 and 5 years*	*Over 5 years*
	£	*£*	*£*	*£*	*£*
At 31 December 2011					
Trade and other payables	2,423,703	–	–	–	–
Total	2,423,703	–	–	–	–
At 30 September 2012					
Trade and other payables	11,506,581	–	–	–	–
Total	11,506,581	–	–	–	–
At 30 September 2013					
Trade and other payables	7,358,770	–	–	–	–
Total	7,358,770	–	–	–	–
At 31 March 2014					
Trade and other payables	6,152,405	–	–	–	–
Bank borrowings	–	–	7,200,000	–	–
Total	6,152,405	–	7,200,000	–	–

More details in regard to the line items are included in the respective notes:

- Trade and payables – note 16

Capital Disclosures

The Company monitors capital which comprises all components of equity (i.e. share capital, share premium, and retained earnings).

The Company's objectives when maintaining capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Company sets the amount of capital it requires in proportion to risk. The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders issue new shares, or sell assets to reduce debt.

4. Revenue

Revenue arises from:

	Year ended 31 December 2011 £	*Nine months ended 30 September 2012 £*	*Year ended 30 September 2013 £*	*Six months ended 31 March 2014 £*
Owned hotel revenue	–	258,596	1,286,931	668,274
Franchise hotel revenue	1,062,598	844,612	1,155,792	583,701
Rent received	249,513	196,915	200,752	17,030
Brokerage commission	50,227	24,431	23	1,198
	1,362,338	1,324,554	2,643,498	1,270,203

5. Expenses and auditor's remuneration

Included in profit/loss are the following:

	Year ended 31 December 2011 £	*Nine Months ended 30 September 2012 £*	*Year ended 30 September 2013 £*	*Six months ended 31 March 2014 £*
Depreciation	18,453	42,971	366,515	109,574
Rent – premises	137,983	72,386	–	–
Foreign exchange translation differences	886	4,515	(70,192)	3,843
Auditor's remuneration	16,217	23,800	24,100	12,000

6. Staff and key management

	Year ended 31 December 2011 £	*Nine Months ended 30 September 2012 £*	*Year ended 30 September 2013 £*	*Six months ended 31 March 2014 £*
Wages and salaries	245,520	113,551	228,279	176,401
Social security costs	27,357	11,496	22,015	18,287
Staff recruitment and training	25,640	–	230	1,015
	298,517	125,047	250,524	195,703

The average number of employees during the period was 16 (30 September 2013: 10; 30 September 2012: 8; 31 December 2011: 5).

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, and are considered to be directors of the Company.

	Year ended 31 December 2011	*Nine Months ended 30 September 2012*	*Year ended 30 September 2013*	*Six months ended 31 March 2014*
	£	*£*	*£*	*£*
Aggregate emoluments	86,308	4,080	29,423	45,000

The remuneration to the highest paid director amounted to £45,000 (30 September 2013: £29,423; 30 September 2012: £4,080, 31 December 2011: £86,308).

7. Segment information

The Company has 2 main reportable segments:

- *Owned properties* – This division is involved in hotel operations in relation to the Company's owned and rented hotels and properties.
- *Franchising* – This division involves the Company's franchise operations, in connection with the license of the Company's brand name.

Factors that management used to identify the Company's reportable segments

These segments are considered on the basis of different products and services. They are managed separately because each business requires different management strategies and pose different business risks.

Measurement of operating segment profit or loss, assets and liabilities

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies.

The Company evaluates performance on the basis of profit or loss from operations before tax not including non-recurring losses.

Segment assets exclude tax assets. Segment liabilities exclude tax liabilities. Even though loans and borrowings arise from finance activities rather than operating activities, they are allocated to the segments based on relevant factors (e.g. funding requirements). Details are provided in the reconciliation from segment assets and liabilities to the company position.

	Owned properties £	*Franchising* £	*Total* £
Year ended 31 December 2011			
Revenue			
Total revenue from external customers	249,513	1,112,825	1,362,338
Profit before taxation	(162,774)	776,368	613,594
Segment assets	1,836,375	690,458	2,526,833
Segment liabilities	(1,498,775)	(2,173,370)	(3,672,145)
Other			
Additions to non-current assets	38,836	–	38,836
Finance cost	(17,579)	–	(17,579)
Depreciation	(18,453)	–	(18,453)
Income Tax	–	–	–
Nine months ended 30 September 2012			
Revenue			
Total revenue from external customers	455,511	869,043	1,324,554
Profit before taxation	177,470	226,061	403,531
Segment assets	14,297,626	1,185,666	15,483,292
Segment liabilities	(10,843,408)	(2,500,998)	(13,344,406)
Other			
Additions to non-current assets	12,126,870	–	12,126,870
Finance cost	(35,997)	–	(35,997)
Depreciation	(42,971)	–	(42,971)
Income Tax	–	–	–
Year ended 30 September 2013			
Revenue			
Total revenue from external customers	1,487,683	1,155,815	2,643,498
Profit before taxation	867,405	847,247	1,714,652
Segment assets	11,749,746	851,751	12,601,497
Segment liabilities	(6,837,747)	(2,306,954)	(9,144,701)
Other			
Additions to non-current assets	630	–	630
Finance income	28,307	–	28,307
Depreciation	(343,160)	–	(343,160)
Income Tax	–	–	–
Six months ended 31 March 2014			
Revenue			
Total revenue from external customers	686,502	583,701	1,270,203
Profit before taxation	232,027	373,262	605,289
Segment assets	17,130,740	2,381,985	19,512,725
Segment liabilities	(13,283,477)	(2,381,985)	(15,665,462)
Other			
Additions to non- current assets	5,121,040	–	5,121,040
Finance income	(36,165)	–	(36,165)
Depreciation	(102,498)	–	(102,498)
Income Tax	–	–	–

Reconciliation of reportable segment revenues, profit or loss, assets and liabilities to the Company's corresponding amounts:

	Year ended 31 December 2011	*Nine Months ended 30 September 2012*	*Year ended 30 September 2013*	*Six months ended 31 March 2014*
	£	*£*	*£*	*£*
Profit before income tax				
Total profit of reportable segments	613,594	403,531	1,714,652	605,289
Corporate office expenses and interest	(468,576)	(119,333)	(348,796)	(262,768)
Profit before tax per Statement of Comprehensive Income	145,018	284,198	1,365,856	342,521
Assets				
Total assets for reportable segments	2,526,833	15,483,292	12,649,443	19,512,725
Deferred tax asset	152,761	260,474	–	–
Total assets per Statement of Financial Position	2,679,594	15,743,766	12,649,443	19,512,725
Liabilities				
Total liabilities for reportable segments	(3,672,145)	(13,344,406)	(9,144,701)	(15,665,462)
Corporation tax liability	–	–	(34,802)	(85,038)
Deferred tax liability	–	–	(55,971)	(81,089)
Total liabilities per Statement of Financial Position	(3,672,145)	(13,344,406)	(9,235,474)	(15,831,589)
Geographical information				
Revenue by location				
United Kingdom	778,076	1,014,085	2,187,253	945,425
Europe	472,138	252,477	354,660	233,665
Rest of the world	112,124	57,992	101,585	91,113
	1,362,338	1,324,554	2,643,498	1,270,203
Total non-current assets by location				
United Kingdom	205,080	12,396,692	11,770,333	16,781,799

8. Finance income

	Year ended 31 December 2011	*Nine Months ended 30 September 2012*	*Year ended 30 September 2013*	*Six months ended 31 March 2014*
	£	*£*	*£*	*£*
Finance income				
Interest income on financial assets measured at amortised cost	–	–	28,307	–

9. Finance expense

	Year ended 31 December 2011 £	*Nine Months ended 30 September 2012* £	*Year ended 30 September 2013* £	*Six months ended 31 March 2014* £
Finance expense				
Interest expense on financial liabilities measured at amortised cost	(17,579)	(35,997)	–	(36,165)

10. Income tax

	Year ended 31 December 2011 £	*Nine Months ended 30 September 2012* £	*Year ended 30 September 2013* £	*Six months ended 31 March 2014* £
Current tax expense				
Current tax on profits for the period	–	–	34,802	50,236
Total current tax	–	–	34,802	50,236
Deferred tax expense				
Origination and reversal of temporary differences	(152,761)	(107,713)	316,445	25,118
Total income tax expense/(credit)	(152,761)	(107,713)	351,247	75,354

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to profits for the period are as follows:

	Year ended 31 December 2011 £	*Nine Months ended 30 September 2012* £	*Year ended 30 September 2013* £	*Six months ended 31 March 2014* £
Profit before tax	145,018	284,198	1,365,856	342,521
Expected tax charge based on the standard rate of United Kingdom corporation tax at the domestic rate of 23% (2013: 23.5%, 2012: 24.67%; 2011: 26.49%)	38,415	70,112	320,976	78,780
Expenses not deductible for tax purposes	26	6,938	68,413	–
Temporary differences not recognised	3,493	–	–	–
Utilisation of losses not recognised	(41,934)	(52,046)	(38,142)	–
Recognition of losses not previously recognised	(152,761)	(132,717)	–	–
Effect of change in tax rate	–	–	–	(3,426)
Total income tax expense/(credit)	(152,761)	(107,713)	351,247	75,354

11. Earnings per share

Basic and diluted earnings per ordinary share are calculated using the weighted average number of ordinary shares in issue during the financial period of 2 (30 September 2013: 2, 30 September 2012: 2, 31 December 2011: 1). The Company have no options, issued or outstanding, in relation to its share capital. Earnings consist of profit for the period attributable to the shareholder amounting to £267,167 (30 September 2013: £1,014,609; 30 September 2012: £391,911, 31 December 2011: £297,779).

12. Dividends

No dividend is proposed by the Company during the period under review (30 September 2013: £Nil; 30 September 2012: £Nil; 31 December 2011: £Nil; 31 March 2013: £Nil).

13. Property plant and equipment

	Freehold land and building core	*Freehold building surface finishes and services*	*Plant and machinery*	*Furniture and equipment*	*Total*
	£	*£*	*£*	*£*	*£*
Cost					
At 1 January 2011	–	–	–	36,566	36,566
Additions	–	–	–	38,836	38,836
At 31 December 2011	–	–	–	75,402	75,402
Additions	10,417,902	1,479,353	197,136	32,479	12,126,870
At 30 September 2012	10,417,902	1,479,353	197,136	107,881	12,202,272
Additions	–	–	–	630	630
At September 2013	10,417,902	1,479,353	197,136	108,511	12,202,902
Additions	5,105,514	–	–	15,526	5,121,040
At 31 March 2014	15,523,416	1,479,353	197,136	124,037	17,323,942
Accumulated depreciation and impairment					
At 1 January 2011	–	–	–	4,630	4,630
Charge for the year	–	–	–	18,453	18,453
At 31 December 2011	–	–	–	23,083	23,083
Charge for the period	14,059	12,328	1,643	14,941	42,971
At 30 September 2012	14,059	12,328	1,643	38,024	66,054
Charge for the year	161,435	172,161	9,857	23,062	366,515
At September 2013	175,494	184,489	11,500	61,086	432,569
Charge for the period	101,233			8,341	109,574
At 31 March 2014	276,727	184,489	11,500	69,427	542,143
Net carrying value					
At 31 December 2011	–	–	–	52,319	52,319
At 30 September 2012	10,403,843	1,467,025	195,493	69,857	12,136,218
At 30 September 2013	10,242,408	1,294,864	185,636	47,425	11,770,333
At 31 March 2014	15,246,689	1,294,864	185,636	54,610	16,781,799

Property, plant and equipment are charged as security over bank borrowings as discussed in note 17.

14. Trade and other receivables

	31 December 2011	*30 September 2012*	*30 September 2013*	*31 March 2014*
	£	*£*	*£*	*£*
Trade and other receivables	28,319	–	–	270,737
Less: provision for impairment of trade receivables	–	–	–	–
Trade receivables – net	28,319	–	–	270,737
Receivables from related parties	146,774	–	–	37,386
Accrued income	2,320	4,378	–	–
Total financial assets other than cash and cash equivalents classified as loans and receivables	177,413	4,378	–	308,123
Prepayments	147,384	154,733	27,359	13,674
VAT receivables	–	2,002,297	–	46,814
Other receivables	1,636,672	–	–	–
Total Trade and other receivables	1,961,469	2,161,408	27,359	368,611
Classified as follows:				
Current Portion	1,961,469	2,161,408	27,359	368,611

There is no material difference between the net book value and the fair values of trade and other receivables due to their short term nature.

As at 31 December 2011, no trade receivables were past due but not impaired, nor were any past due and impaired.

An analysis of the Company's trade and other receivables classified as financial assets by currency is provided in note 3.

Other classes of financial assets included within trade and other receivables do not contain impaired assets.

15. Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise the following balances with original maturity less than 90 days:

	31 December 2011	*30 September 2012*	*30 September 2013*	*31 March 2014*
	£	*£*	*£*	*£*
Cash at bank	513,045	1,185,666	851,751	2,362,315

An analysis of the Company's cash by currency is provided in note 3.

16. Trade and other payables

	31 December 2011	*30 September 2012*	*30 September 2013*	*31 March 2014*
	£	*£*	*£*	*£*
Trade payables	343,162	479,410	338,627	329,755
Amounts owed to related parties	1,455,558	10,057,919	6,122,279	4,793,311
Other payables	1,230	105,079	6,020	13,506
Amounts received for bookings and payable to franchises in future	569,395	748,492	667,855	497,309
Accruals	54,359	115,680	223,989	518,524

	31 December 2011	*30 September 2012*	*30 September 2013*	*31 March 2014*
	£	*£*	*£*	*£*
Total financial liabilities classified as financial liabilities measured at amortised cost	2,423,704	11,506,580	7,358,770	6,152,405
Other taxation and social security	6,183	6,535	77,530	10,580
Amounts received for bookings in advance	673,896	1,232,983	1,201,882	1,819,616
Deferred income	568,362	598,308	506,519	482,861
Total Trade and other receivables	3,672,145	13,344,406	9,144,701	8,465,462
Classified as follows:				
Non-current portion	525,145	553,820	466,367	448,409
Current portion	3,147,000	12,790,586	8,678,334	8,017,053
	3,672,145	13,344,406	9,144,701	8,465,462

There is no material difference between the net book value and the fair values of current trade and other payables due to their short term nature.

Maturity analysis of the financial liabilities, classified as financial liabilities measure at amortised cost, is as follows (the amounts shown are undiscounted and represent the contractual cash-flows):

	31 December 2011	*30 September 2012*	*30 September 2013*	*31 March 2014*
	£	*£*	*£*	*£*
Up to 3 months	2,423,704	11,506,580	7,358,770	6,152,405

An analysis of the Company's trade and payables classified as financial liabilities by currency is provided in note 3.

17. Bank borrowings

The carrying value and fair value of borrowings are as follows:

	Fair & Carrying Value 31 December 2011	*Fair & Carrying Value 30 September 2012*	*Fair & Carrying Value 30 September 2013*	*Fair & Carrying Value 31 March 2014*
	£	*£*	*£*	*£*
Non-Current				
Bank Borrowings	–	–	–	7,200,000

The bank borrowings bear interest at a rate of UK Base rate +1.92 per cent. The total facility amounts to £8.7 million and is repayable by December 2016.

The bank facilities are secured by a fixed over all of easyHotel's property, plant and equipment, as well as a floating charge over all other assets of the Company.

18. Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 23 per cent. (2013: 23.5 per cent.; 2012: 24 per cent.; 2011: 26 per cent.).

The movement in the deferred tax liability/(asset) and balance at each period end is as follows:

	31 December 2011 *£*	*30 September 2012* *£*	*30 September 2013* *£*	*31 March 2014* *£*
At beginning of the period	–	(152,761)	(260,474)	55,971
Recognised in comprehensive income	(152,761)	(107,713)	316,445	25,118
At end of the period	(152,761)	(260,474)	55,971	81,089

Deferred tax assets have been recognised in respect of all tax losses and other temporary differences giving rise to deferred tax assets where the directors believe it is probable that these assets will be recovered.

The movements in deferred tax assets and liabilities during the period are shown below.

Details of the deferred tax liability/(asset), and amounts recognised in profit or loss are as follows:

	Accelerated capital allowances *£*	*Unutilised tax losses* *£*	*Other temporary and deductible differences* *£*	*Credited to statement of comprehensive income* *£*
At 1 January 2011	–	–	–	–
Comprehensive Income credit	–	(152,761)	–	(152,761)
At 31 December 2011	–	(152,761)	–	(152,761)
Comprehensive Income credit	32,665	(132,717)	(7,661)	(107,713)
At 30 September 2012	32,665	(285,478)	(7,661)	(260,474)
Comprehensive Income credit	24,821	283,963	7,661	316,445
At 30 September 2013	57,486	(1,515)	–	55,971
Comprehensive Income expense	25,118	–	–	25,118
At 30 March 2014	82,604	(1,515)	–	81,089

At 30 September 2012, a deferred tax asset had not been recognised in the amount of £43,480 (31 December 2011: £281,230) in respect of unused tax losses.

19. Share capital

	31 December 2011 *Number*	*£*	*30 September 2012* *Number*	*£*	*30 September 2013* *Number*	*£*	*31 March 2014* *Number*	*£*
Authorised								
Ordinary shares of £1 each								
Allotted and paid up								
Ordinary shares of £1 each								
At beginning of the period	1	1	1	1	2	2	2	2
Issue of shares during the period	–	–	1	1	–	–	–	–
At end of the period	1	1	2	2	2	2	2	2

During the period ending 30 September 2012 the Company issued a further ordinary share for a total consideration of £3,000,000. The consideration in excess of par value (£2,999,999) has been recognised in the Share premium reserve.

20. Reserves

The following describes the nature and purpose of each reserve within equity

Reserve	*Description and purpose*
Share premium	Amount subscribed for share capital in excess of nominal value.
Retained earnings	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

21. Related party transactions

Trading transactions

During the period the Company entered into the following transactions with related parties:

	31 December 2011	*30 September 2012*	*30 September 2013*	*31 March 2014*
	£	*£*	*£*	*£*
Amounts recognised in profit or loss				
Parent company				
Interest paid	3,221	28,307	–	–
Interest income	–	–	(28,307)	–
Fellow subsidiary				
Royalties paid	96,458	103,455	167,815	81,232
Management fees paid	–	–	28,199	–
Rent received	(249,513)	(196,915)	(200,752)	(17,030)
Rent paid	137,983	72,386	–	–
Outstanding balances at period end				
Amount owed to parent company	(1,455,558)	(10,057,919)	(6,122,279)	(4,744,226)
Amount owed to fellow subsidiaries	–	–	–	(49,085)
Amount owed by fellow subsidiaries	146,774	–	–	37,386

Services between related parties were made at market related prices.

The Company has not made any provision for bad or doubtful debts in respect of related party debtors nor has any guarantee been given or received throughout the period regarding related party transactions. The amount owed to the parent company is repayable on demand and currently bears no interest.

22. Ultimate parent company and ultimate controlling party

The immediate and ultimate parent company is easyGroup Holdings Limited, incorporated in the Cayman Islands. The financial statements of easyGroup Holdings Limited are not available to public. easyGroup Holdings Limited operate from its branch office with address, 8&9 Le Ruscino, 14 Quai Antoine ler Monaco, MC98000, Monaco.

easyGroup Holdings Limited is ultimately controlled by the Stelios Trust, a Cayman Islands trust established for the benefit of Sir Stelios Haji-Ioannou and others.

23. Contingencies and Commitments

The Company has capital commitments in relation to the refurbishment of its Croydon premises in the amount of £1,735,000.

A contingent liability exists in relation to a section 106 planning contribution levy, the possible outcome and amount of which cannot be reliably estimated at this point in time.

24. Events after the reporting date

There are no matters that occurred between the reporting date and the date of approval of the historical financial information that the directors wish to draw attention to.

PART V

PROPERTY VALUATION REPORT

easyHotel plc and easyHotel UK Ltd
each of easyHotel House
80 Old Street
London
EC1V 9AZ

Investec Bank plc
2 Gresham Street
London
EC2V 7QP

savills

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Dear Sirs

PROPERTIES: EASYHOTEL, 80 OLD STREET, LONDON, EC1V 9AZ
EASYHOTEL, 1 HILL STREET, GLASGOW, G3 6RN

VALUATION AS AT 25 JUNE 2014

1. ADDRESSEES

This Report is addressed to and capable of being relied upon by:

(a) easyHotel UK Ltd;

(b) easyHotel plc; and

(c) Investec Bank plc,

(together, the **Addressees**) provided that, in relying on this Report, each of the Addressees acknowledges and agrees that:

(i) this Report refers to the position at the date it was originally issued and, unless otherwise confirmed by us in writing, we have taken no action to review or update this Report since the date it was originally issued;

(ii) our aggregate liability to any one or more or all of the Addressees in respect of this report shall be limited to the lower of (i) 33 per cent. of the aggregate value of the Properties (as stated in this Report); and (ii) £75 million; and

(iii) this Report is subject to the terms and conditions set out in our letter of engagement with easyHotel plc, easyHotel UK Ltd and Investec Bank plc dated 20 May 2014.

2. INSTRUCTIONS

In accordance with instructions received from easyHotel UK Ltd, dated 29 April 2014, we have undertaken a valuation of the properties described in Schedule 1 (the "Properties"). We understand that this Valuation Report is required for inclusion in an admission document.

This report has been prepared in accordance with The Royal Institution of Chartered Surveyors' ("RICS") Valuation – Professional Standards, published January 2014 (incorporating The International Valuation Standards) (The "RICS Red Book").

We confirm that we are not aware of any conflict of interest that may prevent us from providing you with a Market Valuation of the property.

We also confirm that Savills Advisory Services Limited has sufficient Professional Indemnity Insurance in respect of this instruction.

3. DATE OF VALUATION

Our opinion of Market Value is as at 25 June 2014. Property values may change over a relatively short period of time and, as such, our valuation may not be valid on any date other than the stated valuation date.

4. TERMS OF REFERENCE

The portfolio comprises two hotel properties located within the UK, both of which are owned and operated by easyHotel UK Ltd. The properties are identified on the attached schedule.

We have been provided with, and have relied upon, management accounting information and trading forecasts for each hotel.

The Properties were inspected in May 2014 by Nick Newell MRICS and Ross Connelly MRICS. With the exception of the above, the terms of reference are in accordance with the attached Valuation General Assumptions and Conditions (Appendix 1).

5. STATUS OF VALUER

This valuation has been undertaken by Nick Newell MRICS and Ross Connelly MRICS under the supervision of Tim Stoyle MRICS, all of whom are RICS Registered Valuers. We confirm that they have the knowledge, skills and understanding to undertake this valuation competently and have acted as External Valuers in undertaking this valuation.

We are required by RICS regulations to disclose the following:

- We have had no previous involvement with easyHotel, 1 Hill Street, Glasgow, G3 6RN.
- Nick Newell MRICS and Tim Stoyle MRICS have previously valued easyHotel, 80 Old Street, London, EC1V 9AZ in December 2013 for secured lending purposes.
- This firm has no other current or recent fee earning relationship with easyHotel plc and easyHotel UK Ltd apart from valuation services.
- In the financial year ending 31 December 2013, the total fees earned from each of easyHotel plc and easyHotel UK Ltd and their respective connected parties, was less than 5 per cent. of Savills (UK) Ltd's turnover.

6. VALUATION

6.1 Basis

Our valuations have been prepared on the basis of Market Value, which is defined in VS 3.2 of the RICS Red Book as follows:

"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."

Our valuations have been arrived at predominantly by reference to market evidence for comparable property.

We have made no allowance for any Capital Gains Tax or other taxation liability that might arise upon a sale of a Property, nor have we allowed for any adjustment to any of the Properties' income streams to take into account any tax liabilities that may arise. We have excluded from our valuations any additional value attributable to goodwill, or to fixtures and fittings which are only of value *in situ* to the present occupiers. Our valuations are exclusive of VAT (if applicable).

No allowance has been made for rights, obligations or liabilities arising in relation to fixed plant and machinery and it has been assumed that all fixed plant and machinery and the installation thereof complied with the relevant EEC legislation.

6.2 **easyHotel Old Street – Special Assumptions**

The property easyHotel, 80 Old Street, London has a total of 162 bedrooms however, we are advised that there is currently no planning permission for 70 of these bedrooms which have been created within former office accommodation on the third and fourth floors.

We have therefore provided two valuations for the property:

MV1) Market Value of the Property on the basis that planning permission is not in place.

MV2) Market Value of the Property on the Special Assumption that planning permission has been granted for the additional 70 bedrooms.

A Special Assumption is defined within the RICS Valuation Professional Standards January 2014 *"as 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."*

6.3 **MV1) Market Value**

We are of the opinion that the aggregate Market Value of the properties in the portfolio, as at 25 June 2014, is:

£16,750,000

(SIXTEEN MILLION SEVEN HUNDRED AND FIFTY THOUSAND POUNDS)

The total valuation figure reported is the aggregate total of the individual properties and not necessarily a figure that could be achieved if the portfolio were to be sold as a single holding.

6.4 **MV2) Market Value – Special Assumption**

As described in **6.2**, this valuation has been undertaken on the Special Assumption that planning permission has been granted for the additional 70 bedrooms at easyHotel Old Street.

We are of the opinion that the aggregate Market Value of the properties in the portfolio subject to the above Special Assumption, as at 25 June 2014, is:

£21,400,000

(TWENTY ONE MILLION FOUR HUNDRED THOUSAND POUNDS)

The total valuation figure reported is the aggregate total of the individual properties and not necessarily a figure that could be achieved if the portfolio were to be sold as a single holding.

7. CONFIDENTIALITY

In accordance with the recommendations of the RICS, we would state that this report is provided solely for the purpose stated above. It is confidential to and for the use only of the parties to whom it is addressed, and no responsibility is accepted to any third party for the whole nor any part of its contents. Any such parties rely upon this report at their own risk. 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. Savills Advisory Services Limited accepts responsibility for its property valuation report, but for no other part of the admission document.

Yours faithfully

TIM STOYLE MRICS
RICS Registered Valuer
Director – Head of Hotel Valuation

NICK NEWELL MRICS
RICS Registered Valuer
Director – Hotel Valuation

ROSS CONNELLY MRICS
RICS Registered Valuer
Associate – Hotel Valuation

For and on behalf of Savills Advisory Services Limited

SCHEDULE 1

THE PROPERTIES

Hotel	*Bedrooms*	*Facilities*	*Tenure*	*Market Value As at 25 June 2014*
MV1) Market Value				
Easyhotel, 1 Hill Street, Glasgow, G3 6RN	125	• Converted office building. • Budget hotel with 125 bedrooms.	Feuhold	£2,750,000
Easyhotel, 80 Old Street, London, EC1V 9AZ	162	• Converted office building • Budget hotel with 162 bedrooms. • 5th Floor administration offices.	Freehold	£14,000,000
TOTAL				£16,750,000

Hotel	*Bedrooms*	*Facilities*	*Tenure*	*Market Value As at 25 June 2014*
MV2) Market Value – Subject to Special Assumption				
Easyhotel, 1 Hill Street, Glasgow, G3 6RN	125	• Converted office building. • Budget hotel with 125 bedrooms.	Feuhold	£2,750,000
Easyhotel, 80 Old Street, London, EC1V 9AZ	162	• Converted office building • Budget hotel with 162 bedrooms. • 5th Floor administration offices.	Freehold	£18,650,000
TOTAL				£21,400,000

APPENDIX 1

VALUATION GENERAL ASSUMPTIONS AND CONDITIONS

General Assumptions

Our reports and valuations are carried out on the basis of the following General Assumptions:

1. Tenure and Tenancies

That the property(ies) is/are not subject to any unusual or especially onerous restrictions, encumbrances or outgoings contained in the Freehold Title. We will not inspect the Title Deeds or Land Registry Certificate and shall rely upon information provided by you or your solicitor relating to both tenure and tenancy data.

That the occupational tenant is capable of meeting its obligations, and that there are no arrears of rent or undisclosed breaches of covenant.

2. Condition and Repair

That the building is structurally sound, and that there are no structural, latent or other material defects, including rot and inherently dangerous or unsuitable materials or techniques, whether in parts of the building we have inspected or not, that would cause us to make allowance by way of capital repair. Our inspection of the property and this report do not constitute a building survey.

That in the construction or alteration of the building no use was made of any deleterious or hazardous materials or techniques, such as high alumina cement, calcium chloride additives, woodwool slabs used as permanent shuttering and the like (other than those points referred to above). We will not carry out any investigations into these matters.

That the property is not adversely affected, nor is likely to become adversely affected, by any highway, town planning or other schemes or proposals, and that there are no matters adversely affecting value that might be revealed by a local search, replies to usual enquiries, or by any statutory notice.

That the building has been constructed and is used in accordance with all statutory and bye-law requirements, and that there are no breaches of planning control. Likewise, that any future construction or use will be lawful. That the property is connected or capable of being connected without undue expense, to the public services of gas, electricity, water, telephones and sewerage.

3. Environmental Risks

That the property has not suffered any land contamination in the past, nor is it likely to become so contaminated in the foreseeable future. We have not carried out any soil tests or made any other investigations in this respect, and we cannot assess the likelihood of any such contamination.

That there are no adverse site or soil conditions, that the property is not adversely affected by the Town and Country Planning (Assessment of Environmental Effects) Regulations 1988, that the ground does not contain any archaeological remains, nor that there is any other matter that would cause us to make any allowance for exceptional delay or site or construction costs in our valuation.

4. Floor Areas

That any floor areas provided by a third party and assigned to Savills (UK) Limited, have been measured in accordance with the current RICS Code of Measuring Practice. This is the basis on which we will carry out measured surveys as instructed.

5. Development Property

In situations where a property is in the course of development, we reflect its physical condition and the costs remaining to be spent at the valuation date. In the preparation of our appraisal, we consider the costs estimates provided by the professional advisors involved in the project.

General Conditions

Our reports and valuation are carried out on the basis of the following General Conditions:

1. We have made no allowance for any Capital Gains Tax or other taxation liability that might arise upon a sale of the property.

2. Our valuation is exclusive of VAT (if applicable).

3. Excluded from our valuation is any additional value attributable to goodwill, or to fixtures and fittings which are only of value *in situ* to the present occupier.

4. Energy Performance Certificates (EPCs) are required for the sale, letting, construction or alteration of non-domestic residential buildings over 538 sq ft (50 sq m) in England, Scotland and Wales. The effect of EPCs on value is as yet unknown, given that the market has yet to respond to their introduction. Therefore, we have not considered the property's EPC rating in forming our opinion of value. However, should this position alter, we reserve the right to reconsider our opinion of value.

5. Our valuations are prepared in accordance with the latest edition of the RICS Valuation – Professional Standards ("the Red Book") on the basis of Market Value, unless instructed otherwise. Any such deviation is expressly stated in our terms of engagement.

6. No allowance has been made for rights, obligations or liabilities arising under the Defective Premises Act 1972, and it has been assumed that all fixed plant and machinery and the installation thereof complies with the relevant UK and EEC legislation.

7. That we have been supplied with all information likely to have an effect on the value of the property and that the information supplied to us and summarised in this report is both complete and correct.

8. Our valuation(s) is based on market evidence which has come into our possession from numerous sources. That from other agents and valuers is given in good faith but without liability. It is often provided in verbal form. Some comes from databases such as the Land Registry or computer databases to which Savills subscribes. In all cases, other than where we have had a direct involvement with the transactions, we are unable to warrant that the information on which we have relied is correct although we believe it to be so.

9. The files which we hold relating to all of our property valuations may be subject to monitor and audit by the RICS under its conduct and disciplinary regulations.

PART VI

ADDITIONAL INFORMATION

1. The Company and its subsidiaries

1.1 The Company was incorporated and registered in England and Wales under the Act on 12 May 2014 under the name of easyHotel plc with registered number 09035738 as a public limited company with limited liability under the Act. The principal legislation under which the Company operates is the Act.

1.2 The Company is the holding company of the following wholly owned trading subsidiary which is incorporated in England and Wales:

Name	*Date of incorporation*	*Issued share capital (fully paid)*
easyHotel UK Limited	19 January 2004	2 ordinary shares of £1 each

1.3 The registered and head office of the Company and its subsidiary is at easyHotel House, 80 Old Street, London EC1V 9AZ United Kingdom.

1.4 The liability of the members of the Company is limited.

2. Share capital

2.1 The Ordinary Shares have been created pursuant to the Act. The Company was incorporated with an issued share capital of one pence represented by one ordinary share of one pence, which was issued to the subscriber easyGroup. The following alterations in the issued share capital of the Company have taken place since incorporation: on 14 May 2014, 24,999,999 Ordinary Shares were allotted and issued to easyGroup as specified in a share swap agreement dated 14 May 2014 in consideration for the transfer of the entire number of issued shares in easyHotel UK to the Company. These Ordinary Shares were accordingly not paid up in cash;

2.2 On 24 June 2014, in substitution for any previous authorities, the Directors were:

2.2.1 generally and unconditionally authorised (in substitution for all existing authorities) pursuant to section 551 of the Act to exercise all the powers of the Company to allot shares in the Company or to grant rights to subscribe for, or convert any securities into, shares in the Company (the "**Rights**") up to a maximum nominal amount (within the meaning of section 551(3) and (6) of the Act) of £315,512.75 in connection with the Placing and £59,487.25 in connection with the Shareholder Loan Capitalisation provided that this authority shall expire (unless previously revoked, varied or extended by the Company in general meeting) on the conclusion of the annual general meeting of the Company to be held in 2015.

2.2.2 in accordance with section 570 of the Act, be and hereby are empowered (in substitution for all existing powers (to allot equity securities (as defined in section 560 of the Act)) for cash) pursuant to the authority empowered by the resolution set out in 2.2.1 above, as if section 561(1) of the Act did not apply to such allotment, provided that this power shall be limited to the allotment of equity securities for cash up to a maximum nominal amount of £315,512.75 in connection with the Placing and £59,487.25 in connection with the Shareholder Loan Capitalisation, and shall expire (unless previously revoked, varied or extended by the Company in general meeting) on the conclusion of the annual general meeting of the Company to be held in 2015.

The Company has no other continuing authorities to allot and issue equity securities and accordingly would need to obtain the approval of Shareholders in general meeting to do so.

2.3 The issued share capital of the Company (i) as at the date of this document and (ii) upon Admission is set out below:

		Issued and fully paid	
		£	*Number*
(i)	Ordinary Shares	250,000	25,000,000
(ii)	Ordinary Shares	625,000	62,500,000

2.4 As at the date of this document share options have been granted over 1,625,000 Ordinary Shares (being the options held by Directors detailed in paragraph 5.2 below), conditionally upon Admission under the Share Option Scheme, further details of which are set out in paragraph 4 of Part VI of this document.

2.5 Save as disclosed in paragraph 2.4 above and paragraph 5.2 below, no capital of the Company is proposed to be issued or is under option or is agreed to be put under option, nor does the Company hold any of its shares in treasury.

2.6 There are no convertible securities, exchangeable securities or securities with warrants in the Company.

2.7 There are no shares in the Company which do not represent capital. There are no shares in the Company held by or on behalf of the Company itself or by subsidiaries of the Company. There are no acquisition rights or obligations over authorised but unissued capital, or any undertaking to increase the capital of the Company.

2.8 There have been no takeover bids by third parties in respect of the Company's shares which have occurred since incorporation.

2.9 The Placing and the Shareholder Loan Capitalisation will result in the allotment and issue of 37,500,000 New Shares, diluting the existing ordinary share capital of the Company by approximately 60.0 per cent.

2.10 The Ordinary Shares are in registered form and subject to the provisions of the CREST Regulations. The Board may permit the holding of any class of shares in uncertificated form and title to such shares may be transferred by means of a relevant system (defined in the CREST Regulations). The Registrar is in charge of monitoring the Company's register of members. No temporary documents of title will be issued.

2.11 The currency of the Placing is pounds sterling.

3. Constitutional documents and other relevant laws and regulation

3.1 *Articles of Association*

The Articles of the Company, adopted pursuant to a special resolution passed on 24 June 2014 contain, *inter alia*, provisions to the following effect:

3.1.1 *Objects*

There are no express objects or restrictions on objects in the Company's Articles, with the effect that the objects of the Company are unrestricted in accordance with Section 31 of the Act.

3.1.2 *Voting rights*

Subject to paragraph 3.1.7 below, and to any special rights or restrictions as to voting upon which any shares may for the time being be held, on a show of hands every member who (being an individual) is present in person or (being a corporation) is present by its duly appointed representative shall have one vote and on a poll every member present in person or by representative or proxy shall have one vote for every Ordinary Share held by him. A proxy need not be a member of the Company.

3.1.3 *Variation of rights*

Whenever the share capital of the Company is divided into different classes of shares the special rights attached to any class may be varied or abrogated either with the consent in writing of the holders of three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class and may be so varied and abrogated while the Company is a going concern or during or in contemplation of a winding up. To every such separate general meeting (except an adjourned meeting), the quorum shall be two persons at least holding or representing by proxy one-third in nominal value of the issued shares of that class. These conditions are not more significant than required by law.

3.1.4 *Alteration of capital*

The Company may, subject to complying with the Act (including any requirement to pass a shareholder resolution or resolutions) consolidate and divide all or any of its share capital into shares of a larger nominal value, sub-divide all or any of its shares into shares of a smaller nominal value, cancel any shares not taken, or agreed to be taken, by any person and diminish the amount of its capital by the amount of the shares so cancelled. The Company may, subject to any conditions, authorities and consents required by law, reduce or cancel its share capital or any capital redemption reserve or share premium account.

Subject to and in accordance with the provisions of the Act, the Company may purchase its own shares (including any redeemable shares) with and subject to all prior authorities of the Company in general meeting as specified under the Act provided that the Company may not purchase any of its shares if as a result of the purchase of the shares there would no longer be any member holding shares in the Company other than redeemable shares.

These conditions are not more stringent than required by law.

3.1.5 *Transfer of shares*

A member may transfer all or any of his shares (1) in the case of certificated shares by transfer in writing in any usual or common form or in any other form acceptable to the Directors and may be under hand only and (2) in the case of uncertificated shares, in the manner provided for in the rules and procedures of the operator of the relevant system and in accordance with and subject to the CREST Regulations. The instrument of transfer of a certificated share shall be signed by or on behalf of the transferor and, if the share is not fully paid, by or on behalf of the transferee. Subject to the below, the Articles contain no restrictions on the free transferability of fully paid shares provided that the transfer is in respect of only one class of share and is accompanied by the share certificate and any other evidence of title required by the Directors and that the provisions in the Articles relating to the deposit of instruments for transfer have been complied with.

The Company will not close the register of members in respect of a share, class of share, renounceable right of allotment of a share or other security (title to units of which is permitted to be transferred by computer-based systems and procedures in accordance with the CREST Regulations) without the consent of the operator of the computer-based system and/or procedure. The registration of transfers may be suspended at such times and for such periods as the Directors may determine either generally or in respect of any class of shares.

Subject to the requirements of the UK Listing Authority and/or the London Stock Exchange, as appropriate, the Company shall register a transfer of title to any uncertificated share or any renounceable right to allotment of a share held in uncertificated form in accordance with the CREST Regulations but so that the Directors may refuse to register such transfer in any circumstance permitted or required by the CREST Regulations.

The Directors may decline to register a transfer of a share if the share is not fully paid, the transfer is to a minor or an entity which is not a legal or natural person or the share is to be held jointly by four or more persons.

The Directors may also decline to register a transfer of shares representing 0.25 per cent. or more in nominal value of the issued shares of their class after there has been a failure to comply with any notice under section 793 of the Act requiring the disclosure of information relating to interests in the shares concerned unless the shareholder has not, and proves that no other person has, failed to supply the information. Such refusal may continue until the failure has been remedied, but the Directors shall not decline to register:

(a) a transfer pursuant to acceptance of a takeover offer for the Company (within the meaning of section 974 of the Act); or

(b) a transfer in consequence of a sale made through a recognised investment exchange (as defined in FSMA) or other recognised market; or

(c) a transfer which is shown to the satisfaction of the Directors to be made in consequence of a sale of the whole of the beneficial interest in the shares to a person who is unconnected with the member and with any other person appearing to be interested in the shares.

3.1.6 *Dividends*

(a) Subject to the Act or any other statutes in force, the Company may by ordinary resolution in general meeting declare dividends provided that no dividend shall be paid otherwise than out of profits available for the purpose and no dividend shall exceed the amount recommended by the Directors. The Directors may from time to time declare and pay interim dividends on shares of any class of such amounts and on such dates in respect of such periods as appear to the Directors to be justified. All divided payments shall be non-cumulative.

(b) Subject to the rights of any persons, if any, holding shares with special dividend rights, and subject to paragraph 3.1.7 below, all dividends shall be apportioned and paid *pro rata* according to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid. No amount paid or credited as paid in advance of calls shall be regarded as paid on shares for this purpose.

(c) All dividends unclaimed for a period of 12 years from the date on which such dividend was declared or became due for payment shall be forfeited and shall revert to the Company.

(d) There is no fixed date on which an entitlement to dividend arises.

(e) There are no dividend restrictions attaching to the Ordinary Shares, provided they are fully paid up. Payments of dividends may be made by any method the directors consider appropriate and on a cash dividend there are no special arrangements for non-resident shareholders. The Directors may make such arrangements as they consider expedient in connection with a dividend payment in shares to deal with any legal or other difficulties that may arise in any territory in which non-resident shareholders are present.

3.1.7 *Suspension of rights*

If a member or any other person appearing to be interested in shares of the Company fails after the date of service of a notice to comply with the statutory disclosure requirements (set out in Part 22 of the Act) then:

(a) if the shares are held in certificated form from the time of such failure until not more than 7 days after the earlier of (a) receipt by the Company of notice that there has been a transfer of the shares by an arm’s length sale and (b) due compliance, to the satisfaction of the Company, with the statutory disclosure requirements (if the Directors so resolve) such member shall not be entitled to vote or to exercise any right conferred by membership at meetings of the Company in respect of the shares which are the subject of such notice. Where the holding represents more than 0.25 per cent. of the issued shares of that class, the payment of dividends may be withheld, and such member shall not be entitled to transfer such shares otherwise than by an arm's length sale; and

(b) if the shares are held in uncertificated form, the Directors may serve upon the registered holder of such shares a notice requiring the holder to convert his holding of uncertificated shares into certificated form within such period as is specified in the notice and require the holder to continue to hold such shares in certificated form for so long as such failure continues. If the holder shall fail to convert his holding within the specified time, the Directors are empowered to authorise some person to take all such steps and issue such instructions as may be necessary in the name of the holder of such shares to effect the conversion of such shares to certificated form. Such steps shall be as effective as if they had been taken by the registered holder of the relevant uncertificated shares. Once such conversion to certificated form has been effected, the above rules in relation to shares in certificated form shall apply.

3.1.8 *Return of capital*

Subject to any preferred, deferred or other special rights, or subject to such conditions or restrictions to which any shares in the capital of the Company may be issued, on a winding up or other return of capital, the holders of Ordinary Shares are entitled to share in any surplus assets *pro rata* to the amount paid up on their Ordinary Shares. A liquidator may with such sanctions as are required by the Act, divide amongst the members *in specie* or in kind the whole or any part of the assets of the Company (whether or not the assets shall consist of property of one kind or shall consist of property of different kinds), those assets to be set at such value as he deems fair. A liquidator may also vest the whole or any part of the assets of the Company in trustees on trusts for the benefit of the members as the liquidator shall think fit.

3.1.9 *Pre-emption rights*

There are no rights of pre-emption under the Articles in respect of transfers of issued Ordinary Shares.

In certain circumstances, Shareholders may have statutory pre-emption rights under the Act in respect of the allotment of new shares in the Company. These statutory pre-emption rights would require the Company to offer new shares for allotment to existing Shareholders on a *pro rata* basis before allotting them to other persons. In such circumstances, the procedure for the exercise of such statutory pre-emption rights would be set out in the documentation by which such shares would be offered to the Company's shareholders.

3.1.10 *General meetings*

An annual general meeting of the Company shall be held in each year in addition to any other meetings which may be held in that year and at such time and place as may be determined by the Directors, but so not more than fifteen months shall elapse between the holding of any two successive annual general meetings.

The Directors may convene a general meeting whenever they think fit. General meetings shall also been convened on a requisition of the members of the Company as provided for by the Act or, if the Directors fail to convene a general meeting within twenty one days from the date of the deposit of the requisition, a meeting may be convened by such requisitions as provided by the Act.

Twenty one clear days' notice in respect of an annual general meeting and every general meeting at which it is proposed to pass a special resolution and fourteen clear days' notice in respect of every other annual or general meeting shall be given to all members (other than those who, under the provisions of the Articles or otherwise, are not entitled to receive notices from the Company) and to the Directors and the auditors for the time being of the Company, but the accidental omission to give such notice to, or the non-receipt of such notice by, any member or Director or the auditors shall not invalidate any resolution passed or any proceeding at such meeting.

Every notice shall specify the place, the day and the hour of the meeting and in the case of special business, the nature of such business and shall also state with reasonable prominence that a member entitled to attend and vote at the meeting, may appoint a proxy to attend and vote on a poll thereat instead of him and that the proxy need not also be a member. In the case of a meeting convened for passing a special or extraordinary resolution the notice shall also specify the intention to propose the resolution as a special or extraordinary resolution as the case may be.

For the purpose of determining which persons are entitled to attend and vote at any general meeting and how many votes such persons may cast, the Company may specify in the relevant notice of general meeting a time, not more than forty eight hours before the time fixed for the meeting, by which a person must be entered on the register of members in order to have the right to attend and vote at the meeting.

No business shall be transacted unless the requisite quorum is present when the meeting proceeds to business. Two members present in person or by proxy shall be a quorum for all purposes. If within fifteen minutes (or such longer interval as the chairman thinks fit) from the time appointed for the general meeting a quorum is not present, if convened on the requisition of the members the meeting shall be dissolved. In any other case the meeting shall be adjourned to such other day (being not less than seven days thereafter) and such time and place as may have been specified for the purpose in the notice convening the meeting or (if not so specified) as the chairman of the meeting may determine (being not less than seven days thereafter) and such title and place as may have been specified for the purpose in the notice converting the meeting or (if not so specified) as the chairman of the meeting may determine (being not less than seven days' notice). No business shall be transacted at any adjourned meeting other than the business which might have been transacted at the meeting from which the adjournment took place.

3.1.11 *Directors*

The business and affairs of the Company shall be managed by the Directors. The Directors may exercise all such powers of the Company as are not by any statute or by the Articles required to be exercised by the Company in general meeting, and for such purposes the Directors may establish any committee for managing any of the affairs of the Company, either in the United Kingdom or elsewhere, and may appoint any persons to be members of such committee or any managers or agents.

Directors may be appointed by an ordinary resolution of the Company in general meeting or by the Board. Each of the Directors is entitled to receive, by way of ordinary remuneration for his services in each year, such sum as the Board may decide. The Directors are also entitled to be repaid all reasonable travel, hotel and other expenses properly incurred by them in connection with the performance of their duties as Directors. The Board may also grant additional special remuneration to any Director who, being called upon, performs any special duties outside his ordinary duties as a Director. At each annual general meeting, any Director appointed by the Board since the last annual general meeting, one third of the Directors who are subject to retirement by rotation and any director who agrees to do so must retire by rotation. A Director who retires, if willing to act, may be reappointed.

Subject to the Articles, the Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit. The quorum necessary for the transaction of the business is two unless otherwise resolved by the Directors. A meeting of the Directors at which a quorum is present shall be competent to exercise all powers and discretions for the time being exercisable by the Directors.

Save as mentioned below, a Director shall not vote in respect of any contract or arrangement or other proposal in which he has, directly or indirectly, any material interest (otherwise than by virtue of his interest in shares or debentures or other securities of the Company) or in relation to which he has a duty which conflicts or may conflict with the interests of the Company. A Director shall not be counted in the quorum at any meeting in relation to any resolution in which he is debarred from voting. A Director must declare the nature and extent of his interest in any such contract or arrangement or other proposal.

3.1.12 *Directors' permitted interest*

A Director is permitted to enter into contracts or arrangements with the Company and persons in which the Company is otherwise interested; hold any office or place of profit (except that of auditor) with and be a director, officer or employee of (or party to any contract or arrangement with) any body corporate promoted by the Company or in which the Company is otherwise interested. The Director will not be accountable to the Company or the members for any remuneration, profit or other benefit he derives from such interest and no such transaction will be liable to be avoided. However, a Director must declare the nature and extent of any direct or indirect interest in a transaction or arrangement with the Company.

Subject to the Act, a Director shall (in the absence some other material interest than is indicated below), be entitled to vote (and be counted in the quorum) in respect of any resolution concerning any of the following matters, namely:

(a) the giving to him of any guarantee, security or indemnity in respect of money lent or obligation incurred by him at the request of or for the benefit of the Company or any of its subsidiaries;

(b) giving to a third party any guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in whole or in part either alone or jointly with others, under a guarantee or indemnity or by the giving of security;

(c) where the Company or any of its subsidiaries is offering securities in which offer the director is or may be entitled to participate as the holder of securities or in the underwriting or sub-underwriting in which the Director is to participate;

(d) relating to another Company in which he and any persons connected with him do not to his knowledge hold an interest in shares representing one per cent. or more of either any class of the equity share capital, or the voting rights in such company;

(e) relating to an arrangement for the benefit of the employees of the Company or any of its subsidiaries which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates; or

(f) concerning insurance which the Company proposes to maintain or purchase for the benefit of Directors of the benefit of persons including Directors.

3.1.13 *Directors' conflicts of interest*

Each Director must also declare any situation in which he has or can have a direct (or indirect) interest which conflicts (or may conflict) with the interests of the Company which, if not authorised or ratified would amount to a breach of section 175 of the Act (a "conflict"). Authorisation of a Directors' conflict may be given by the Board, not counting the Director concerned or any other Director interested in that matter in the quorum and not counting their vote(s). The authorisation may be subject to such terms and for such duration or impose such limits or conditions as the authorisation specifies and may be terminated or varied by the Board at any time. Unless otherwise provided by the authorisation, the Director is authorised (without breaching his duties to the Company) not to disclose any information to the Company which he has obtained otherwise than as a Director of the Company; and to absent himself from Board meetings and discussions relating to the conflict. The Director will not be accountable to the Company or the members for any remuneration, profit or other benefit he derives from an interest so authorised.

3.1.14 *Borrowing Powers*

Subject to the provisions of the Act, the Board may exercise all the powers of the Company to borrow money, and to mortgage or charge its undertaking, property and uncalled capital, and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

3.1.15 *Lien, calls and forfeiture*

The Company shall have a first and paramount lien on every share (not being a fully paid share) for all moneys (whether presently payable or not) called or payable in respect of such share. The Board may either generally or in any particular case declare any share to be wholly or in part exempt from such lien. The Company may sell any share on which it has a lien, if the sum payable is due and is not paid within 14 days after notice has been given to the shareholder or the person entitled thereto by reason of death or bankruptcy.

The Board may make calls on the members in respect of any moneys unpaid on their shares (whether in respect of the nominal value or premium), subject to the terms of issue of such shares. Each member shall, subject to receiving at least fourteen days' notice specifying the time and place of payment, pay to the Company at the time or times and place so specified the amount called on his shares In the case of non-payment, the Board may serve on the relevant member a notice requiring payment together with any interest which may have accrued and associated expenses incurred by the Company. The notice shall name a further day, not being less than seven days from the date of service of the notice, on or before which the payment is required to be made. If the requirements of such further notice are not complied with, any share in respect of which such further notice has been given, may at any time before payment has been made, be forfeited by the Board. The forfeiture shall include all dividends declared in respect of such forfeited share and not actually paid before forfeiture.

3.1.16 *Miscellaneous*

The Company may issue redeemable shares and the Company may by special resolution determine the terms, conditions and manner of redemption of such shares, provided it does so before the shares are issued.

Unless otherwise determined by the Company by ordinary resolution, there shall be paid to the Directors such sum as the Board may from time to time determine (not exceeding £400,000 per annum or such sum as the Company in general meeting shall from time to time determine) such sum shall be divided among the Directors in such manner and proportion as they may agree or in default of such determination, equally.

Subject to the provisions of the Act every Director, secretary or other officer of the Company (other than an auditor) is entitled to be indemnified against all costs, charges, losses, damages and liabilities incurred by him in the actual purported exercise or discharge of his/her duties or exercise of his/her powers or otherwise in relation to them.

Unless and until otherwise determined by ordinary resolution of the Company, the number of Directors shall be not less than two nor more than eight. There is no age limit nor any share qualification for Directors.

The Articles contain no conversion or redemption provisions in relation to the securities.

The Articles contain no other class of existing shares.

The Articles contain no provisions which would have an effect of delaying, deferring or preventing a change of control of the Company.

3.2 ***Other relevant laws and regulations***

3.2.1 *Disclosure of interests in shares*

A shareholder in a public company incorporated in the UK whose shares are admitted to trading on AIM is required pursuant to rule 5 of the Disclosure and Transparency Rules to notify the Company of the percentage of his voting rights if the percentage of voting rights which he holds as a shareholder or through his direct or indirect holding of financial instruments reaches, exceeds or falls below certain thresholds.

Pursuant to Part 22 of the Act and the Articles, the Company is empowered by notice in writing to require any person whom the Company knows, or has reasonable cause to believe to be or, at any time during the three years immediately preceding the date on which the notice is issued, interested in the Company's shares, within a reasonable time to disclose to the Company particulars of any interests, rights, agreements or arrangements affecting any of the shares held by that person or in which such other person as aforesaid is interested.

3.2.2 *Takeovers*

The Takeover Code applies to the Company. The Panel has statutory powers to enforce the Takeover Code in respect of companies whose shares are admitted to trading on AIM.

Under Rule 9 of the Takeover Code, a person who acquires, whether by a single transaction or by a series of transactions over a period of time, shares which (taken with shares held or acquired or acquired by persons acting in concert with him) carry 30 per cent. or more of the voting rights of a company, such person is normally required to make a cash offer for all the outstanding shares of that company at not less than the highest price paid by him or them or any persons acting in concert during the offer period and in the 12 months prior to its commencement. This requirement would also be triggered by an acquisition of shares by a person holding (together with its concert parties) shares carrying between 30 and 50 per cent. of the voting rights in the company if the effect of such acquisition were to increase that person's percentage of the voting rights.

Further, pursuant to sections 979 to 982 of the Act, where the offeror has by way of a takeover offer as defined in section 974 of the Act acquired or unconditionally contracted to acquire not less than 90 per cent. in value of the shares to which an offer relates and where the shares to which the offer relates represent not less than 90 per cent. of the voting rights in the company to which the offer relates, the offeror may give a compulsory acquisition notice, to the holder of any shares to which the offer relates which the offeror has not acquired or unconditionally contracted to acquire, and which he wishes to acquire and is entitled to so acquire, to acquire those shares on the same terms as the general offer.

Pursuant to sections 983 to 985 of the Act, where an offeror makes a takeover offer as defined by section 974 of the Act and, by virtue of acceptances of the offer and any other acquisitions holds not less than 90 per cent. of the shares in the target (or if the offer relates to a class of shares 90 per cent. of the shares in that class) and which carry not less than 90 per cent. of the voting rights in the target then a minority shareholder may require the offeror to acquire his shares in the target.

3.3 Save as set out in paragraph 5.7 below, the Company is not aware of any person who directly or indirectly, jointly or severally, exercises or could exercise control over the Company nor is it aware of any arrangements, the operation of which may at a subsequent date result in a change of control of the Company.

4. Share options

4.1 The Board has adopted the Share Option Scheme, the principal provisions of which are summarised below. The Share Option Scheme was adopted by the Board on 24 June 2014.

For the purpose of the summary, references to the Board shall mean the board of directors for the time being of the Company or a duly authorised committee of it which may include the remuneration committee.

The Share Option Scheme allows the grant of non-tax advantaged share options ("Options"). The Company has granted certain Options under the Share Option Scheme conditional upon Admission.

Eligibility

Any employee or executive director of any member of easyHotel is eligible to participate at the discretion of the Board.

Details of those Options granted conditional upon Admission are set out in paragraph 5.2 of Part VI of this document. This includes certain Options granted to Mr Åstrand, however, it is not intended that any further Options will be granted to Mr Åstrand going forward.

Timing of grant

An Option may be granted at any time during: (i) the period of 42 days after the date of adoption of the Share Option Scheme by the Board; (ii) the period of 42 days after the announcement by the Company of its results for any period; or (iii) any other period in which the Board has decided to grant an Option due to exceptional circumstances which justify such a decision.

However, no Option may be granted when the grant would be prohibited by, or would be a breach of, any law or regulation with the force of law or any of the AIM Rules or any other rule, code or set of guidelines (such as a personal dealing code adopted by the Company) which applies at the relevant time.

Options may not be granted after the tenth anniversary of the date of adoption of the Share Option Scheme by the Board.

Exercise Price

In relation to Options granted on the date of Admission, the exercise price shall be determined by the Board in its absolute discretion.

In relation to Options granted after the date of Admission the exercise price shall be determined by the Board in its absolute discretion but cannot be less than the market value of an Ordinary Share on the dealing day immediately preceding the date of grant.

Vesting and performance conditions

Options will ordinarily vest on a straight line basis over the three year period beginning with the date of grant and ending on the third anniversary of the date of grant, so that Options will be fully vested on the third anniversary of the date of grant. However, the Board may specify at the date of grant that, instead, different vesting conditions shall apply.

Options granted conditional upon Admission will vest in full on the first anniversary of the date of grant, provided that, as at that date, the Option holder has not given or received notice of termination of his employment with easyHotel.

Options may be granted subject to performance conditions imposed by the Board so that the Options may not be exercised unless any such condition(s) have been satisfied or waived.

Exercise of Options

In the ordinary course, an Option will normally only be exercisable to the extent it has fully vested, and any applicable performance conditions have been satisfied or waived.

Options shall lapse to the extent unexercised on the tenth anniversary of the date of grant or such earlier date as specified by the Board at the date of grant.

Options granted conditional upon Admission will lapse on the fifth anniversary of the date of grant.

Satisfying the exercise of Options

Options may not be satisfied by the issue of new Ordinary Shares or the transfer of treasury shares. Instead, the Board will cause the Company to procure the transfer of any Ordinary Shares (whether by the trustee of the Employee Benefit Trust or otherwise) to an Option holder (or his nominee) pursuant to the exercise of an Option.

Cessation of employment

Where an Option holder who holds an Option that is subject to any condition(s) of exercise ceases to hold employment with easyHotel as a result of his injury, ill health, disability, redundancy, retirement with the agreement of the Board, the company that employs him ceasing to be a member of easyHotel or the business or part of the business to which his employment relates being transferred to a person who is not a member of easyHotel, and where such cessation takes effect prior to the date on which the Board has notified the Option holder whether or not such condition(s) imposed on the exercise of the Option have been satisfied (in whole or in part) (the "**Notification Date**"), the Option may be exercised within the period of six months following the Notification Date. Where an Option holder ceases to hold employment with easyHotel for any of the reasons outlined above either on or after the Notification Date or where the Option is not subject to any condition(s) of exercise the Option may be exercised within the period of six months following the date of such cessation.

The Board may determine that if an Option holder ceases employment for any other reason, his Option may still be exercisable on the same basis set out above.

An Option holder shall not be treated as ceasing to hold employment with easyHotel if, immediately after he ceases to be an employee of easyHotel, he becomes (or remains) an officer of any member of easyHotel.

In the event of an Option holder's death, an Option may be exercised by his personal representatives within 12 months of the date of death.

In each of the cases outlined above, the Board will determine the extent to which an Option may be exercised taking into account the extent to which it has vested and any conditions applicable to the Option have been met as at the date of the relevant event, or, if appropriate at the end of any period over which any condition(s) attaching to the option is or are to be measured, and any other factors that the Board considers to be relevant in determining the extent of exercise.

If an Option holder ceases employment with easyHotel for any reason other than those set out above, his Option shall lapse on the date of cessation of employment.

Change of control

In the event of a change of control of the Company, Options may be exercised for six months from the date of the change of control and will lapse to the extent unexercised at the end of that period.

In the event that the court sanctions a compromise or arrangement under section 899 of the Act in respect of the Company, Options may be exercised within six months of the court sanctioning such compromise or arrangement and will lapse to the extent unexercised at the end of that period.

If a person becomes bound or entitled to acquire Ordinary Shares under sections 979 to 982 of the Act, Options may be exercised for so long as the person remains so bound or entitled and will lapse at the end of that period.

Options may be exercised at any time after notice has been given, but before a resolution for the voluntary winding-up of the Company has been passed or defeated or the meeting concluded or adjourned indefinitely, conditionally on the resolution being passed.

In each of the cases outlined above, Options shall not be exercisable in the case of any compromise, arrangement or offer after which, in the reasonable opinion of the Board, control of the Company remains substantially in the hands of the same person(s) as previously, unless the company that acquires control of the Company fails to make an offer to Option holders to replace Options within one week of obtaining control or becoming bound or entitled to acquire Ordinary Shares or the court's sanction.

In each of the cases outlined above, the Board will determine the extent to which an Option may be exercised taking into account the extent to which it has vested and any conditions applicable to the Option have been met as at the date of the relevant event, and any other factors that the Board considers to be relevant in determining the extent of exercise.

Variation of share capital

On a capitalisation issue, an offer or invitation made by way of rights, a subdivision, a consolidation or reduction or any other variation in the share capital of the Company, the number and/or the nominal value of Ordinary Shares over which an Option is granted and the exercise price may be adjusted by the Board in such manner and with effect from such date as the Board determines so that (as nearly as may be) the aggregate exercise price payable to exercise the Option in full will remain unchanged.

Administration and amendment of the Share Option Scheme

The Share Option Scheme is administered under the direction of the Board.

The Board may, at any time, amend the rules of the Share Option Scheme in any respect provided that: (a) the approval of the majority of affected Option holders is obtained for any amendment which affects adversely in any way any rights already acquired by Option holders, and (b) no amendment can be made to the rules of the Share Option Scheme which would permit Options to be satisfied by the issue of new Ordinary Shares or the transfer of treasury shares.

Non-transferability

Options are personal to the Option holders to whom they are granted. They may not, nor may any rights in respect of them, be transferred, assigned, charged or otherwise disposed of to any person other than, on the death of an Option holder, when they may be transmitted to his personal representatives.

Termination

The Share Option Scheme shall terminate on the tenth anniversary of the date of its adoption by the Board or at any earlier time by the passing of a resolution by the Board or the Company in general meeting.

4.2 ***Employee Benefit Trust***

Pursuant to a trust deed dated 25 June 2014 and made between the Company and Sanne Fiduciary Services Limited, the Company established the Employee Benefit Trust. The Employee Benefit Trust is a discretionary trust which is structured so as to constitute a trust for the benefit of employees and former employees of easyHotel, their spouses, former spouses, civil partners, former civil partners and their dependants within the meaning of section 86 of the Inheritance Act 1984 and also to fall within the definition of an "employees' share scheme" in section 1166 of the Act.

It is intended that the Employee Benefit Trust will be funded by the Company to purchase Ordinary Shares from time to time in the market which will be used to satisfy all Options granted, whether upon Admission or in the future, under the Share Option Scheme.

In accordance with current institutional investor guidelines, the deed establishing the Employee Benefit Trust provides that the prior approval of Shareholders must be obtained before more than 5 per cent. of the Company's share capital at any one time may be held within it.

5. Directors' and other interests

5.1 The interests of the Directors (including the interests of their spouses and infant children and the interests of any persons connected with them within the meaning of sections 252 to 255 and 820 to 825 of the Act), all of which are beneficial, in the issued share capital of the Company, as at the date of this document and as they are expected to be upon Admission are as follows:

	As at the date of this document		*Upon Admission*	
Name	*Ordinary Shares*	*per cent. of existing issued share capital*	*Ordinary Shares*	*per cent. of Enlarged Issued Share Capital*
Jan Åstrand	–	–	200,000	0.3
Simon Champion	–	–	125,000	0.2
Darren Mee	–	–	343,750	0.6
Scott Christie	–	–	37,500	0.1
Jonathan Lane	–	–	62,500	0.1

5.2 As at the date of this document, the following Directors are also interested in the following Ordinary Shares pursuant to share options granted by the Company, conditional upon Admission, under the Share Option Scheme:

Option Holder	*Date of Grant*	*No. of Ordinary Shares*	*Exercise Price*	*Earliest Exercise Date*	*Latest Exercise Date*
Jan Åstrand	Date of Admission	125,000	110p	30 June 2015	29 June 2019
Simon Champion	Date of Admission	1,000,000	100p	30 June 2015	29 June 2019
Darren Mee	Date of Admission	500,000	110p	30 June 2015	29 June 2019

5.3 Save as disclosed in paragraphs 5.1 and 5.2 above, none of the Directors have any interests in the share capital or loan capital of the Company or any of its subsidiaries nor does any person connected with the Directors (within the meaning of sections 252 to 255 and 820 to 825 of the Act) have any such interests, whether beneficial or non-beneficial.

5.4 In addition to their directorships in the Company, the Directors have held the following directorships and/or been a partner in the following partnerships within the five years prior to the date of this document:

Director	*Current Directorships/Partnerships*	*Past Directorships/Partnerships*
(i) Simon Champion	easyHotel UK Limited	
(ii) Darren Mee	easyHotel UK Limited	Active Safari Pty Ltd Active Travel & Recruitment Pty Ltd Adventure Center (first choice), Inc. 100% Adventure Pty Ltd Adventure Tours Australia Group Pty Ltd Antigua Charter Services Limited Australian Adventure Tours Pty Ltd Australian Pinnacle Holidays Pty Limited Specialist Holidays Inc Australian Sports Tours Pty Limited Business Entertainment Services Limited First Choice Orlando Inc Caradonna Dive Adventures, Inc. C & C Yacht Management Limited

Director	*Current Directorships/Partnerships*	*Past Directorships/Partnerships*
Darren Mee (*continued)*		Tui Travel Sas Adventure Limited CHS Tour Services Limited Specialist Holidays (Travel) Limited Citalia Transport Limited Clipper Adventurer Ltd Clipper Odyssey Ltd Connoisseur Cruisers Limited Tui Travel Sas Services Limited Crown Blue Line France Sas Crown Blue Line Gmbh Crown Blue Line Limited Crown Blue Line Inc Crown Holidays Limited Crown Travel Limited Crystal Holidays Inc Dick's Alpine Bars Limited Elc English Limited Eac Activity Camps Limited Eac Language Centres (UK) Limited Eac Language Centres (Us) Limited Ttss Transportation Limited Edwin Doran (UK) Limited The English Language Centre York Limited Events International (Sports Travel) Limited Event Logistics Global Limited Event Logistics International Limited Event Logistics (UK) Limited Events International Limited Exclusive Destinations Limited Exodus Travels Limited Explorers Travel Club Limited Fanatics Sports And Party Tours Pty Limited Fanatics Sports & Party Tours UK Limited Fanfirm Pty Limited Fantravel.Com Inc Fc Adventures Canada Inc. Fc Expeditions Canada, Inc. Fiddington Manor Limited First Choice (Euro) Limited First Choice Expedition Cruising Limited First Choice Holdings Australia Pty Ltd First Choice Marine Limited First Choice Marine (Malaysia) Sdn Bhd First Choice Spain Limited First Choice USA Flexigroup Holdings Limited Flexigroup Travel Limited Francotel Limited Gap Year For Grown Ups Limited Gecko Adventures Limited Travcoa Corporation Country Walkers, Inc

Director	*Current Directorships/Partnerships*	*Past Directorships/Partnerships*
Darren Mee (*continued*)		Gei-Moorings Llc Park East Tours, Inc. Gullivers Group Limited Gullivers Sports Travel Limited Hayes And Jarvis (Holdings) Limited Hayes & Jarvis (Travel) Limited Hellenic Island Holidays Sa Hellenic Sailing Holidays Sa Hellenic Sailing Sa Hotelreisen Ltd I Love Tour Limited The Imaginative Traveller Limited International Employment And Training Limited International Expeditions, Inc. Peak Adventure Travel Group Limited Iexplore, Inc. Island Sailing Limited I To I International Projects Ltd I-To-I, Inc. I-To-I Placements Limited I-To-I Pty Ltd I-To-I UK Limited LBM64 Limited Manchester Academy Holdings Limited Manchester Academy Tours Ltd. Manchester Academy Teacher Training (UK) Limited Mango Event Management Limited Mariner International Travel, Inc. The Moorings Sailing Holidays Limited Meon (Holdings) Limited Meon Transport Services Limited Meon Travel Limited Tui Holdings (Australia) Pty Limited The Moorings (Seychelles) Ltd Myplanet Holding A/S Myplanet International A/S Myplanet Sweden Ab Student Skiing Limited Student Skiing Transport Limited Peregrine Adventures Pty Ltd Peregrine Adventures Limited Peregrine Tours Limited Peregrine Shipping Pty Ltd Pinnacle Services Pty Limited Pinnacle Tours Pty Limited Pinnacle Travel Centre (1987) Pty Limited Platinum Event Travel Limited Porter And Haylett Limited Quark Expeditions, Inc. Quill Travel Services Limited Real Travel Group Limited

Director	*Current Directorships/Partnerships*	*Past Directorships/Partnerships*
Darren Mee (*continued*)		Real Travel Pty Limited Real Travel Limited Schools Abroad Limited Set Sports Tours Limited Set Tours Limited Tui Travel Sas Transport Limited Student City Travel Limited Skibound Leisure Group Limited Skibound Holidays Limited Ski Bound Limited Ski Value Limited Sport Abroad (UK) Limited Tui Travel Sas Holdings Limited Sports Executive Travel Limited Sportsworld Pacific Pty Ltd Sportsworld Group Limited Sportsworld Holdings Limited Sportsworld Hospitality Limited Sports Tickets International Limited Sportsworld Travel Limited Tcs & Starquest Expeditions Inc Sunsail (Antigua) Limited Sunsail Adriatic D.O.O Sunsail Limited Sunsail (Seychelles) Limited Sunsail (Thailand) Co. Ltd. Sunsail Deutschland Gmbh Sunshine Boats Limited Sunsail International Bv Sunsail Worldwide Sailing Limited Adventures Worldwide Limited Supernova Expeditions, Ltd. Discover Australian Adventures Pty Ltd Teamlink Travel Limited Teamlink Transport Limited The Imaginative Traveller Australia Pty Ltd Tkj Pty Ltd Travel Class Limited Travel Contracting Limited Travelmood Limited Travelbound European Tours Limited Travel Sense A/S Trek America Travel Limited Tropical Car Rental Pty Limited TTSS Limited Headwater Holidays Limited Sports Events Travel Limited Tui Marine Grenada Limited Williment Travel Group Limited Vancouver Sportsworld Hospitality Inc Versun Yachts Nsa Warwick Beatson Travel Limited Waymark Holidays Limited

Director	*Current Directorships/Partnerships*	*Past Directorships/Partnerships*
Darren Mee (*continued)*		Waymark Transport Limited We Love Rugby Pty Ltd Whitecap Ski Limited Williment Sports Travel Limited Williment World Travel Limited Iexplore Limited World Challenge (Dubai) Limited World Challenge Expeditions Limited World Challenge Expeditions Inc. World Challenge Holdings Limited World Challenge Expeditions Pty Ltd World Challenge (Hong Kong) Limited Your Man Tours, Inc. Thomson Sport (UK) Limited Zegrahm Expeditions, Inc Zegrahm Expeditions, Inc
(iii) Jan Åstrand	Northgate plc Northgate Renting Flexible España S.A.	Lavendon Group plc Wynnstay Gardens Residents Management Limited
(iv) Scott Christie	FAC Consulting Limited Fotech Group Limited Fotech Oil & Gas Solutions Limited Fotech Solutions Limited	AH2 Realisations Limited AH3 Realisations Limited AIL Trustee Limited Ardmore Home Care Limited Aviemore Leisure Management Limited Beginmajor Limited Craxton Wood Developments Limited Egerton House Hotel (Bolton) Limited Electronic Adaptor Concerns Limited Forest Hills Hotel (Loch Ard Aberfoyle) Limited (The) Goose Green Homecare Limited Heritage Hotels (No 2) Limited Home Concern (Scotland) Limited ILS group Limited ILS Trustees Limited Inchyra Grange Hotel Limited Inchyra Services Limited Independent Living Services (I L S) Limited Intense Limited Intra Inns Limited IP Operations Limited Island Hospitality Ventures Limited Jobs and Business Glasgow Kilhey Court Hotels limited Ledge 563 Limited Leila Playa No.4 Limited Leisure Resort Management Limited Macdonald Hotels and Resorts Limited Macdonald Hotels Trustees Limited Macdonald Resorts Limited Macdonald Travel Club Limited Macdonald Dona Lola No.1 Limited

Director	*Current Directorships/Partnerships*	*Past Directorships/Partnerships*
(iv) Scott Christie (*continued)*		Macdonald Hotels (Management) Limited Macdonald Hotels (Manchester) Limited Macdonald Hotels Limited Macdonald Hotels MTIP Trustee Company Limited MDH 123 Limited MHL Management (No.1) Limited MREF Hotels Four Limited MREF Hotels Three Limited MREF Sheffield Limited Nurseplus Limited Pittodrie Estate Limited Pittodrie Group Limited Spectrum Care & Support Service Limited Thainstone House Hotel Limited The Complete Care Company Limited Waterloo Holdings Limited Waterside Inns Limited
(v) Jonathan Lane	Longmartin Investments Limited Longmartin Properties Limited Shaftesbury PLC St Martin's Courtyard Limited TF Enterprises Limited The Royal Theatrical Support Trust The Tennis Foundation Tregarthen's Hotel (Scilly) Limited. The Grange (Glebe Road Cambridge) Management Company Limited The Grange (Glebe Road Cambridge) Freehold Limited	Carnaby Estate Holdings Limited Carnaby Investments Limited Carnaby Property Investments Limited Charlotte Street Estate Holdings Limited China China Co. Limited Chinatown Estate Holdings Limited Chinatown Property Investments Limited Covent Garden Central Portfolio Limited Covent Garden Estate Holdings Limited Porthminster Hotel Company Limited Shaftesbury Carnaby Limited Shaftesbury Charlotte Street Limited Shaftesbury Chinatown Limited Shaftesbury CL Limited Shaftesbury Covent Garden Limited Shaftesbury Covent Garden Property Investments Limited Shaftesbury Investments 1 Limited Shaftesbury Investments 2 Limited Shaftesbury Soho Limited Sharpmain Limited

5.5 Save as disclosed in paragraph 5.6 below, no Director:

5.5.1 has any unspent convictions in relation to indictable offences; or

5.5.2 has been bankrupt or the subject of an individual voluntary arrangement, or has had a receiver appointed to any asset of such director; or

5.5.3 has been a director of any company which, while he or she was a director or within 12 months after he or she ceased to be a director, had a receiver appointed or went into compulsory liquidation, creditors voluntary liquidation, administration or company voluntary arrangement, or made any composition or arrangement with its credits generally or with any class of its creditors; or

5.5.4 has been a partner of any partnership which, while he or she was a partner or within 12 months after he or she ceased to be a partner, went into compulsory liquidation, administration or partnership voluntary arrangement, or had a receiver appointed to any partnership asset; or

5.5.5 has had any public criticism by statutory or regulatory authorities (including recognised professional bodies); or

5.5.6 has been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

5.6 5.6.1 In 2006, Jan Åstrand was subject to a conviction in the UK for not keeping his shotgun in a case that was bolted to the wall.

5.6.2 Darren Mee was a director of Mango Event Management Limited which was placed into Administration on 15 July 2011 and moved into creditors' voluntary liquidation on 7 March 2012. The liquidation is on-going.

5.7 Save as disclosed in paragraph 5.1 above and as set out below, the Directors are not aware of any person who, directly or indirectly had an interest in 3 per cent. or more of the voting rights of the Company which is notifiable to the Company under the Disclosure and Transparency Rules as at the date of this document and upon Admission:

	As at the date of this document		*Upon Admission*	
	Ordinary Shares	*per cent. of existing issued share capital*	*Ordinary Shares*	*per cent. of Enlarged Share Capital*
easyGroup	25,000,000	100.0	34,812,300	55.7
Polar Capital LLP	–	–	6,562,500	10.5
BlackRock Investment Management (UK) Limited	–	–	4,500,000	7.2
Schroder Investment Management Limited	–	–	3,125,000	5.0

5.8 The shareholders listed in paragraph 5.7 above, being the Company's major Shareholders, do not have different voting rights from other Shareholders.

5.9 There are no outstanding loans granted or guarantees provided by the Company to or for the benefit of any of the Directors, nor are there any outstanding loans or guarantees provided by the Directors to or for the benefit of the Company.

5.10 Save as disclosed in this paragraph 5, no Director has any interest, whether direct or indirect, in any transaction which is or was unusual in its nature or conditions or significant to the business of easyHotel taken as a whole and which was effected by easyHotel during the current or immediately preceding financial year, or during any earlier financial year and which remains in any respect outstanding or unperformed.

5.11 None of the Directors nor any member of a Director's family is dealing in any related financial product (as defined in the AIM Rules) whose value in whole or in part is determined directly or indirectly by reference to the price of the Ordinary Shares, including a contract for differences or a fixed odds bet.

5.12 The following persons will be treated as being a member of the Concert Party and whose interests as at the date of this document and upon Admission, are as follows:

	As at the date of this document		*Upon Admission*	
Name	*Ordinary Shares*	*per cent. of existing issued share capital*	*Ordinary Shares*	*per cent. of Enlarged Share Capital*
easyGroup	25,000,000	100	34,812,300	55.7
Clelia Haji-Ioannou	–	–	1,868,570	3.0
Polys Haji-Ioannou	–	–	1,868,570	3.0

6. Directors' service agreements and terms of office

6.1 ***Executive directors:***

6.1.1 Mr Simon Champion and Mr Darren Mee have each entered into service agreements with the Company commencing upon Admission as the Company's chief executive officer and chief financial officer respectively. These service agreements are both subject to termination upon six months' notice by either party. The Company can terminate Mr Champion and Mr Mee's employment immediately and make a payment in lieu of notice.

6.1.2 Mr Champion and Mr Mee are both subject to post-termination restrictive covenants restricting them from competing with easyHotel's business (for a period of nine months post termination), dealing with or soliciting easyHotel's franchisees or potential franchisees (for a period of 12 months), interfering with easyHotel's supply arrangements (for a period of nine months) and soliciting senior managerial staff from any member of easyHotel (for a period of 12 months). These periods are reduced by anytime the executives are placed on gardening leave. Usual insider dealing, confidentiality and intellectual property protections are included.

6.1.3 Mr Champion receives a gross annual salary of £175,000 and Mr Mee a gross annual salary of £150,000. Both Mr Champion and Mr Mee are entitled to participate in a discretionary bonus scheme (on such terms as the Remuneration Committee may decide). Mr Champion's bonus scheme for the financial year ending 30 September 2014 has been continued in his new service agreement.

6.1.4 Mr Champion and Mr Mee are both entitled to receive pension contributions of 10 per cent. of their annual salary but have no contractual right to receive additional benefits such as company sick pay, private health insurance, permanent health insurance or life assurance.

6.1.5 Mr Jan Åstrand has entered into an employment agreement with the Company commencing on Admission as the Company's part-time Executive Chairman. This agreement is subject to termination upon one month's notice by either party. Usual insider dealing, confidentiality and intellectual property protections are included.

6.1.6 Mr Åstrand receives a gross annual salary of £80,000. He has no entitlement to participate in any bonus scheme or to receive pension contributions. He has no contractual right to receive additional benefits such as company sick pay, private health insurance, permanent health insurance or life assurance.

6.1.7 Mr Champion, Mr Mee and Mr Åstrand are entitled to receive share options. Please see paragraphs 4 and 5.2 of this Part VI for further details on the Share Option Scheme.

6.2 ***Non-executive directors:***

The services of Scott Christie and Jonathan Lane as non-executive directors are provided under the terms of letters of appointment between them and the Company dated 24 June 2014 subject to termination upon at least one month's notice, at an initial fee of £35,000 per annum for both.

6.3 Save as set out in paragraphs 6.1 and 6.2 above, there are no service agreements in existence between any of the Directors and the Company or any of its subsidiaries providing for benefits upon termination of employment.

6.4 Details of the length of time in which the Directors who are currently in office and the period of their term of office are set out below:

Name	*Commencement of period of office*	*Date of expiration of term of office*
Jan Åstrand	14 May 2014	Annual General Meeting to be held in 2015
Simon Champion	3 June 2013	Annual General Meeting to be held in 2015
Darren Mee	17 March 2014	Annual General Meeting to be held in 2015
Scott Christie	24 June 2014	Annual General Meeting to be held in 2015
Jonathan Lane	24 June 2014	Annual General Meeting to be held in 2015

7. Material contracts

The contracts set out below (together with the related party transactions set out at paragraph 9 of this Part VI), not being contracts entered into in the ordinary course of business, have been entered into by the Company and/or its subsidiaries during the two years preceding the date of this document and are or may be material:

7.1 A placing agreement dated 25 June 2014 between (1) the Company, (2) the Directors, (3) Investec, (4) Sir Stelios Haji-Ioannou and (5) easyGroup pursuant to which, upon and subject to the fulfilment of certain conditions, Investec has agreed to use its reasonable endeavours to arrange for Placees to subscribe for the Placing Shares at the Placing Price. The agreement is conditional, *inter alia*, upon Admission taking place not later than 8.00 a.m. on 30 June 2014 or such later date as Investec and the Company may agree but in any event not later than 8.00 a.m. on 11 July 2014. The Company will pay to Investec a commitment commission of £600,000. The agreement provides for the Company to pay all costs, charges and expenses of and incidental to the Placing and the application for Admission, including the fees and costs of other professional advisers, all costs relating to the Placing, including printing, advertising and distribution charges, the fees of the Registrar and the fees payable to the London Stock Exchange.

The agreement contains, *inter alia*, warranties given by the Company, the Directors and Sir Stelios Haji-Ioannou in favour of Investec including, without limitation, as to the accuracy of information contained in this document and other matters relating to easyHotel and its business and an indemnity from the Company in favour of Investec.

On Admission, the Directors will be interested in an aggregate of 768,750 Ordinary Shares, representing approximately 1.2 per cent. of the Enlarged Issued Share Capital. Details of these interests are set out in paragraph 5 of Part VI of this document. The Directors in respect of themselves and each of their connected persons, have undertaken pursuant to the Placing Agreement to Investec, not to dispose of such interests (subject to certain limited exceptions) until 12 months after the date of the Placing Agreement. The Directors have further undertaken in respect of themselves and each of their connected persons that for a further period of six months thereafter they will (subject to certain limited exceptions) only deal or otherwise dispose of any such interests through Investec subject to being offered competitive terms as to price and rates of commission.

On Admission, easyGroup will be interested in an aggregate of 34,812,300 Ordinary Shares, representing approximately 55.7 per cent. of the Enlarged Issued Share Capital. easyGroup and each of its connected persons, has undertaken pursuant to the Placing Agreement to Investec, not to dispose of such interests (subject to certain limited exceptions) until six months after the date of the Placing Agreement. easyGroup has further undertaken in respect of itself and its connected persons that for a further period of six months thereafter it will (subject to certain limited exceptions) only deal or otherwise dispose of any such interests through Investec, subject to being offered competitive terms as to price and rates of commission.

Investec may terminate the agreement in specified circumstances prior to Admission principally where, in its opinion, the Company or the Directors have failed to comply in any material respect with any of their respective obligations under the agreement, any of the warranties were materially untrue, inaccurate or misleading when made and/or would be materially untrue, inaccurate or misleading if repeated at any time prior to Admission, any statement in any document issued in connection with the Placing is incorrect or has become materially untrue, incorrect or misleading as a result of a new matter or change, any matter or circumstance has arisen which would be likely to give rise to a claim pursuant to the indemnity provisions in the agreement, where a material adverse change has occurred after entry into the agreement or where certain matters have occurred, happened or come into effect which in the opinion of Investec is likely to prejudice the success of the Placing or make it impractical or inadvisable to proceed with the Placing.

7.2 easyHotel UK was provided with a loan facility of up to £8,700,000 by National Westminster Bank Plc (the “Bank”) pursuant to a loan agreement dated 6 December 2013. The loan facility is interest bearing at a rate of 1.92 per cent. over the Bank’s base rate and is to be repaid by 36 months after first draw down. The loan facility was provided to (a) repay an inter-company loan granted to easyHotel UK by easyGroup, (b) replenish easyHotel UK’s funds utilised to assist with the purchase of the property in Croydon, (c) replenish easyHotel UK’s funds utilised to develop additional rooms at the property in Croydon, and (d) replenish easyHotel UK’s funds utilised to develop additional rooms at the hotel at Old Street. The loan facility is secured by a debenture and legal charges over each of the property in Croydon and the hotel at Old Street respectively. For further details of these properties, see paragraph 10 of this Part VI.

7.3 The Company entered into a share swap agreement (the “Share Swap Agreement”) dated 14 May 2014 with easyGroup, pursuant to which the Company issued 24,999,999 Ordinary Shares to easyGroup in exchange for the transfer of the entire issued share capital in easyHotel UK from easyGroup to the Company.

7.4 For further details on the Shareholder Loan and the Shareholder Loan Capitalisation, see paragraph 9.5 of this Part VI below.

7.5 For further details on the Relationship Agreement, see paragraph 9.1 of this Part VI below.

7.6 For further details on the Brand Licence Agreement, see paragraph 9.2 of this Part VI below.

7.7 For further details on the long leasehold of the Croydon property, see paragraph 10 of this Part VI below.

7.8 easyHotel UK entered into a building contract with Morrco Solutions Limited on 2 May 2014 in relation to the design and construction of 103 bedrooms at the property in Croydon. The contract is based on easyHotel UK’s own bespoke form and the contract sum is £1,735,000.00 exclusive of VAT which is payable as follows:

(a) 35 per cent. contract sum was payable within 4 banking days of the signing of the agreement;

(b) a further 35 per cent. will be payable as a stage payment within one week following the completion of the first section which includes the installation of partition metal frames, hot and cold pipework, electric circuits, fire alarm circuits and the completion of the ceilings;

(c) a further 25 per cent. will be payable within one week following the issue of the certificate of practical completion of the whole works; and

(d) the final 5 per cent. will be payable at the end of the defects rectification period on the date falling three months after the date of practical completion of the works.

The contract states that the works are to be completed by midnight on Monday 6 October 2014. In the event that the works are not completed by this date, easyHotel UK is entitled to reduce the contract sum by £10,000 for the first week that the works are not completed, by £20,000 for the second and third weeks and rising to £40,000 per week thereafter. The contract sum cannot be reduced by any more than £200,000 for late completion of the works.

8. United Kingdom Taxation

The following summary, which is intended as a general guide only, outlines certain aspects of current UK tax legislation, and what is understood to be the current practice of HMRC in the United Kingdom regarding the ownership and disposal of ordinary shares.

The Company is at the date of this document resident for tax purposes in the United Kingdom and the following is based on that status.

This summary is not a complete and exhaustive analysis of all the potential UK tax consequences for holders of Ordinary Shares of the Company. It addresses certain limited aspects of the UK taxation position of UK resident Shareholders who are absolute beneficial owners of their Ordinary Shares and who hold their Ordinary Shares as an investment. This summary does not address the position of certain classes of Shareholders who (together with associates) have a 10 per cent. or greater interest in the Company, or, such as dealers in securities, market makers, brokers, intermediaries, collective investment schemes, pension funds or UK insurance companies or whose shares are held under a personal equity plan or an individual savings account or are "employment related securities" as defined in Section 421B of the Income Tax (Earnings and Pensions) Act 2003. Any person who is in any doubt as to his tax position or who is subject to taxation in a jurisdiction other than the UK should consult his professional advisers immediately as to the taxation consequences of their purchase, ownership and disposition of Ordinary Shares. This summary is based on current United Kingdom tax legislation. Shareholders should be aware that future legislative, administrative and judicial changes could affect the taxation consequences described below.

8.1 *The Company*

The profits of the Company will be subject to UK corporation tax.

8.2 *The Shareholders*

8.2.1 *Withholding tax*

Under current UK taxation legislation, no tax will be withheld at source from dividend payments by the Company.

8.2.2 *Taxation of dividends*

(a) United Kingdom resident shareholders

Individuals

UK resident individual Shareholders who receive a dividend from the Company will generally be entitled to a tax credit, which can be set off against the individual's income tax liability on the dividend payment. The rate of tax credit on dividends paid by the company will be 10 per cent. of the total of the dividend payment and the tax credit (the "gross dividend"), or one-ninth of the dividend payment. UK resident individual Shareholders will generally be taxable on the gross dividend, which will be regarded as the top slice of the Shareholder's income. UK resident individual Shareholders who are not liable to income tax in respect of the gross dividend will generally not be entitled to reclaim any part of the tax credit. In the case of a UK resident individual Shareholder who is not liable to income tax at the higher rates (taking account of the gross dividend he or she receives), the tax credit will satisfy in full such Shareholder's liability to income tax. To the extent that a UK resident individual Shareholder's income (including the gross dividend) is subject to 40 per cent. income tax, such Shareholders will be subject to income tax on the gross dividend at the distribution income upper rate of 32.5 per cent. but will be able to set the tax credit against this liability. This results in an effective tax rate of 25 per cent. on the net dividend. To the extent that a UK resident individual Shareholder's income (including the gross dividend) is subject to 45 per cent. income tax, such Shareholders will be subject to income tax on the gross dividend at the distribution income upper rate of 37.5 per cent. on the gross dividend and an effective tax rate of approximately 31 per cent. of the net dividend.

Companies

A corporate Shareholder resident in the UK (for tax purposes) should generally not be subject to corporation tax or income tax on dividend payments received from the Company. Corporate Shareholders will not, however, be able to claim repayment of tax credits attaching to the dividend payment.

(b) Non-residents

In general, the right of non-UK resident Shareholders to reclaim tax credits attaching to dividend payments by the Company will depend upon the existence and the terms of an applicable double tax treaty between their jurisdiction of residence and the UK. In most cases, the amount of tax credit that can be claimed by non-UK resident Shareholders from HMRC will be nil. They may also be liable to tax on the dividend income under the tax law of their jurisdiction of residence. Non-UK resident Shareholders should consult their own tax advisers in respect of their liabilities on dividend payments, whether they are entitled to claim any part of the tax credit and, if so, the procedure for doing so.

8.3 ***Capital Gains Tax***

A disposal of Ordinary Shares by a Shareholder who is resident for tax purposes in the UK, will in general be subject to UK taxation on capital gains on a disposal of Ordinary Shares.

A Shareholder who is not resident in the UK for tax purposes, but who carries on a trade, profession or vocation in the UK through a permanent establishment (where the Shareholder is a company) or through a branch or agency (where the Shareholder is not a company) and has used, held or acquired the Ordinary Shares for the purposes of such trade, profession or vocation or such permanent establishment, branch or agency (as appropriate) will be subject to UK tax on capital gains on the disposal of Ordinary Shares.

In addition, any holders of Ordinary Shares who are individuals and who dispose of shares while they are temporarily non-resident may be treated as disposing of them in the tax year in which they again become resident in the UK.

For UK residents and trustees, capital gains are chargeable at a flat rate of 28 per cent. subject to certain reliefs and exemptions. For UK corporates, indexation may apply to reduce any such gain (though indexation is no longer available to individuals and trustees).

8.4 ***Stamp duty and Stamp Duty Reserve Tax ("SDRT")***

No UK stamp duty will be payable on the issue by the Company of Ordinary Shares. Subject to royal assent of the Finance Bill 2014, as from 28 April 2014, for as long as Ordinary Shares are admitted to trading on AIM (and not listed on a recognised stock exchange), their transfer will be exempt from stamp duty and agreements for their transfer will be exempt from SDRT. Otherwise, transfers of Ordinary Shares for value will generally give rise to a liability to pay UK *ad valorem* stamp duty, or stamp duty reserve tax, at the rate of 0.5 per cent. of the amount or value of the consideration (rounded up in the case of stamp duty to the nearest £5).

8.5 ***Inheritance and gift taxes***

Ordinary Shares beneficially owned by an individual Shareholder will be subject to UK inheritance tax on the death of the Shareholder (even if the Shareholder is not domiciled or deemed domiciled in the UK), although the availability of exemptions and reliefs may mean that in some circumstances there is no actual tax liability. A lifetime transfer of assets to another individual or trust may also be subject to UK inheritance tax based on the loss of value to the donor, although again exemptions and reliefs may be relevant. Particular rules apply to gifts where the donor reserves or retains some benefit. Special rules also apply to close companies and to trustees of settlements who hold shares, which could bring them within the charge to UK inheritance tax.

Shareholders should consult an appropriate professional adviser if they intend to make a gift of any kind or intend to hold any Ordinary Shares through trust arrangements. They should also seek professional advice in a situation where there is a potential for a double charge to UK inheritance tax and an equivalent tax in another country.

The comments set out above are intended only as a general guide to the current tax position in the UK at the date of this document. The rates and basis of taxation can change and will be dependent on a Shareholder's personal circumstances.

Neither the Company nor its advisers warrant in any way the tax position outlined above which, in any event, is subject to changes in the relevant legislation and its interpretation and application.

9. Related Party and Other Transactions

The Company has entered into the following related party transactions:

9.1 On 25 June 2014, the Company entered into the Relationship Agreement with easyGroup. The Relationship Agreement contains, *inter alia*, provisions to allow the Company to operate independently of easyGroup, provides that all arrangements between it and the Company will be on arm's length terms and on a normal commercial basis, requires that easyGroup abstain from doing anything which would result in a member of easyHotel not being capable of carrying on independent business, requires that easyGroup abstain from voting on certain shareholder resolutions of the Company, confirms that easyGroup shall not cause the Company to fail to or prevent the Company from complying with its AIM and other regulatory obligations, prohibits easyGroup from voting in favour of any resolution to cancel the Company's admission to AIM, confirms that easyGroup will not take steps to cause the majority of either of the executive or non-executive directors to cease to be independent of easyGroup nor will it takes steps which might cause the independence of the Board to be compromised and confirms that easyGroup agrees to support and uphold the highest standards of best practice regarding substantial shareholders as required by the London Stock Exchange and the FCA (including the independence provisions set out in the FCA's UK Listing Rules, as if they were applicable to the Company but with reference to the AIM Rules for Companies). In addition, easyGroup agrees that where it is deemed to be acting in concert with any other Shareholder(s) such that the aggregate shareholding of easyGroup together with such other persons exceeds 49.0 per cent. of the voting rights attaching to the Company's issued share capital, then easyGroup shall (save with the prior written consent of the Company) limit the exercise of the voting rights attaching to the Ordinary Shares held by it to such number of Ordinary Shares that, when aggregated with the number of Ordinary Shares held by the other members of the concert party, does not exceed 49.0 per cent. of the Company's issued share capital. The provisions of this agreement shall cease to have effect if easyGroup's total interest in securities in the Company falls below 25 per cent. and the share capital of the Company remains admitted to trading on AIM or admitted to the Official List and to trading on the London Stock Exchange.

9.2 The Brand Licence Agreement dated 24 June 2014 between (1) easyGroup IP and (2) the Company, pursuant to which, conditional on Admission, easyGroup IP, the owner of the "easyHotel" brand, grants the Company the right to use the "easyHotel" brand worldwide for 50 years (unless terminated earlier). The licence covers the "easyHotel" name, logo and various domain names, primarily easyhotel.com and is exclusive to the Company in relation to hotel and ancillary services. easyGroup IP may not use or license anyone else to use another easy brand in relation to hotel property but may use or license anyone else to use another easy brand in relation to activities which compete with hotel services. It is acknowledged that easyGroup IP, through its brand licensees, already operates a business under the name easyProperty and that easyJet already acts as a broker/agent for hotel rooms. Those businesses will continue unfettered by the Brand Licence Agreement. Limited warranties are given by easyGroup IP.

In return for the licence, the Company must pay monthly royalties to easyGroup IP calculated as a percentage of all revenues generated by the Company or any franchisee, together with interest for any late payment. The royalty percentage decreases from 0.75 per cent. to 0.25 per cent. with incremental increase in revenue. The Company must use reasonable commercial endeavours to exploit the “easyHotel” brand to maximise revenue. There is a minimum annual royalty of £100,000 (increasing in accordance with RPI).

The Company is subject to certain conditions in relation to its use of the “easyHotel” brand, including that it must: not do anything which is likely to prejudice the reputation or value of the “easyHotel” brand; devote itself exclusively to the hotel business and the use of the “easyHotel” brand; use the “easyHotel” brand in accordance with the brand guidelines published on the easy.com website from time to time; and comply with fair labour practices. If requested by easyGroup IP, the Company must seek the consent (not to be unreasonably withheld) of easyGroup IP to any advertising materials or promotional activities which the Company may wish to use. If easyGroup IP decides to alter the “easyHotel” brand in any way then the Company must, within two years and at its own cost, amend its use of the “easyHotel” brand to match the alterations. The Company must use commercially reasonable endeavours to share its customers’ data with easyGroup IP to the extent permitted by law. The Company must supply details of material/significant customer complaints to easyGroup IP and comply with any reasonable directions given by easyGroup IP in relation thereto and must also provide details to easyGroup IP of any significant litigation, any Government/other official investigation or any material safety related incidents.

A brand protection committee will be formed which will meet quarterly. easyGroup IP undertakes to prosecute the brand diligently as a prudent brand owner would and must take reasonable steps to register and renew the easyHotel trade mark along with relevant domain names provided that easyGroup IP has absolute and final discretion as to which trade mark and domain name registrations to register/renew. If easyGroup IP decides not to apply for or renew a trade mark or domain name then the Company may do so if easyGroup IP consents. If the easyHotel brand is infringed by a third party then easyGroup IP has the discretion (to be exercised reasonably) as to what, if any, action to take and the Company shall give all reasonable assistance in any action easyGroup IP decides to take. If easyGroup IP decides not to take any action then the Company may request that easyGroup IP does so and, if it still chooses not to take action, then the Company may do so. In respect of any actions brought by third parties in relation to either the activities of easyHotel or the “easyHotel” brand itself, easyGroup IP has sole control over the defence.

The costs of (i) easyHotel trade mark and domain name registrations, (ii) enforcing the easyHotel brand against third party infringers (including enforcement actions in progress as at the date of Admission) and (iii) defending the easyHotel business/brand against actions brought by third parties are to be paid for out of a ‘brand protection fund’. The fund is to be contributed to equally by the Company and easyGroup IP in the sum of up to £20,000 each per year (increasing in accordance with RPI) or 0.1 per cent. of Company’s annual revenue (whichever is greater). Any further sums are to be met by easyGroup IP. Certain costs remain costs for the Company, including the cost of any litigation brought by the Company if easyGroup IP initially declined to take action and the cost of Company’s cooperation in any litigation.

Existing franchise agreements signed by Sir Stelios Haji-Ioannou as Chairman of easyHotel UK are ‘grandfathered’ across and deemed to be in compliance with the Brand Licence Agreement. The Company is free to grant new franchise agreements so long as any such agreements contain certain specified provisions. The Company is liable for the acts and omissions of its franchisees.

The Company may not assign, sub-contract, charge or otherwise deal with any of its rights or obligations under the Brand Licence Agreement without the express prior written consent of easyGroup IP (such consent not to be unreasonably withheld or delayed). If there is a potential change of control of easyGroup IP or sale of the “easyHotel” brand then the Company has the option to make an offer for easyGroup IP or the brand. Any sale of the brand must be subject to the Brand Licence Agreement.

easyGroup IP may terminate the Brand Licence Agreement in its entirety in specified circumstances, including following: (i) unremedied material breach of certain provisions relating to use and exploitation of the "easyHotel" brand; (ii) an unremediable material breach; (iii) an unremedied failure to pay sums due; (iv) unremedied failure to make significant use of the "easyHotel" brand or of the Company to devote itself exclusively to pursuing the hotel business; (v) insolvency of the Company; and (vi) any challenge of the "easyHotel" brand by the Company. The Company may only terminate the Brand Licence Agreement if easyGroup IP: (i) commits an unremediable material breach; (ii) commits an unremedied material breach; or (iii) becomes insolvent. On expiry or termination for any reason, the Company must cease all use of the "easyHotel" brand.

9.3 On 18 December 2013 easyGroup IP granted easyHotel UK a lease of the Croydon property. The lease is for a term of 999 years, from and including 18 December 2013. The lease was granted to easyHotel UK upon payment of a premium of £1,626,000 (exclusive of VAT) by easyHotel UK to easyGroup IP. The lease provides for a nominal initial rent of £25 per annum (increasing thereafter by £50 every 25 years) to be paid by easyHotel UK. The effect of the lease is to create a landlord and tenant relationship between easyGroup IP, as landlord and easyHotel UK, as tenant. The terms of the lease require that easyHotel obtains the consent of the landlord, easyGroup IP, to usual landlord and tenant matters such as alterations to the building and alienation of the lease. The lease contains a covenant from the landlord that so long as easyHotel UK, as tenant pays the rent and observes the tenant covenants in the lease, it shall have "quiet enjoyment" of the Croydon property without any interruption from the landlord. easyGroup IP have ongoing obligations as landlord of the Croydon property which include to insure and provide services to the building. Further details of the Croydon Lease are set out in paragraph 10 of Part VI of this document.

9.4 Under certain of the franchise agreements, easyGroup and easyGroup IP have third party rights that they are able to enforce against the relevant franchisee. Going forward either easyGroup or easyGroup IP could enforce such rights without the consent of easyHotel or not in line with easyHotel's wishes, though this risk is not envisaged by the Directors to be likely. easyGroup is also party to certain of the franchise agreements entered into by easyHotel UK, as a guarantor. Pursuant to such franchise agreements it is anticipated that these guarantees will cease to have affect upon or following Admission.

9.5 There is currently an unsecured loan arrangement in place from easyGroup to easyHotel UK and as at the date of this document, the amount owed by easyHotel UK to easyGroup is approximately £4.8 million. Pursuant to a letter dated 24 June 2014 from easyGroup to both the Company and easyHotel UK, easyGroup will: (i) conditional upon Admission, subscribe for the Loan Capitalisation Shares, (ii) direct that easyHotel UK transfer the funds to repay the Shareholder Loan instead to the Company in order to satisfy the consideration for the Loan Capitalisation Shares, and (iii) confirm that such transfer of funds be treated as having extinguished in full and final settlement the Shareholder Loan. Pursuant to a subordination letter dated 10 January 2014 between the Bank and easyGroup the Shareholder Loan has been subordinated to the loan facility provided by the Bank (for further details of the loan facility provided by the Bank, see paragraph 7.2 of this Part VI). However, the Bank has consented to the repayment of the Shareholder Loan to easyGroup, conditional upon Admission.

9.6 For further details on the Share Swap Agreement, see paragraph 7.3 of this Part VI above.

10. Premises

10.1 easyHotel's principal establishments (two of which are freehold and one of which is leasehold and are used (or are intended to be used) for hotels and offices) are as follows:

Property	*Tenure*	*Lease expiry date*	*Annual rent (unless otherwise stated)*	*Approx. square footage*
easyHotel House, 80 Old Street, London EC1V 9AZ, United Kingdom	Freehold	N/A	N/A	25,000

Property	*Tenure*	*Lease expiry date*	*Annual rent (unless otherwise stated)*	*Approx. square footage*
Diamond House, 1 Hill Street, Glasgow, G3 6RN	Feuhold	N/A	N/A	16,500
Alico House, 22 Addiscome Road, Croydon	Leasehold	17 December 3012	£25 per annum (increasing £50 every 25 years)	13,300

11. Working capital

In the opinion of the Directors, having made due and careful enquiry, the working capital available to easyHotel, will be sufficient for its present requirements, that is for at least twelve months from the date of Admission.

12. Litigation

12.1 Save as set out at paragraph 12.2 below, there are no, and during the 12 month period prior to the date of this document there have not been any, governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) which may have, or have had in the recent past, significant effects on the Company's financial position or profitability.

12.2 easyHotel UK had a dispute with a company in respect of certain internal building works the company carried out at the hotel at Old Street, London. This dispute was settled in May 2014.

13. General

13.1 Save as set out in Part II of this document and paragraph 9.2 of this Part VI, there are no patents or other intellectual property rights, licences or particular contracts which are of fundamental importance to the Company's business.

13.2 Except for fees payable to the professional advisers whose names are set out on page 5 above or payments to trade suppliers, no person has received any fees, securities in the Company or other benefit to a value of £10,000 or more, whether directly or indirectly, from the Company within the 12 months preceding the application for Admission, or has entered into any contractual arrangement to receive from the Company, directly or indirectly, any such fees, securities or other benefit on or after Admission.

13.3 Save as disclosed in this document, there has been no significant change in the financial or trading position of easyHotel UK since 31 March 2014, the date to which its most recent audited accounts have been drawn up.

13.4 With the exception of any arrangements summarised in paragraph 9 of this Part VI no member of easyHotel is, nor has been, a party to any transactions with related parties which were material to easyHotel.

13.5 Where information has been sourced from a third party, the Company confirms that this information has been accurately reproduced and as far as the Company is aware and is able to ascertain from the information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

13.6 The financial information set out in this document does not constitute statutory accounts within the meaning of section 434 of the Act. Statutory accounts have been delivered to the registrar of companies for easyHotel UK for the year ended 31 December 2011, the nine months ended

30 September 2012 and the year ended 30 September 2013. BDO have been the auditors of easyHotel UK for the above periods. Auditors' reports in respect of each statutory accounts have been made under section 495 of the Act and each such report was an unqualified report and did not contain any statement under section 498(2) or (3) of the Act.

13.7 The accounting reference date of easyHotel is 30 September.

13.8 The Placing Price represents a premium of 79.0 pence over the nominal value of an Ordinary Share.

13.9 BDO has given and has not withdrawn its written consent to the inclusion in this document of its Accountants' Reports set out in Part IV of this document in the form and context in which they appear and has authorised its Accountants' Reports for the purposes of the AIM Rules for Companies. Except for this information in the admission document, no other information has been audited or reviewed by statutory auditors.

13.10 Investec has given and not withdrawn its written consent to the issue of this document and the references to them in the form and context in which such references are included.

14. Availability of document

Copies of this document will be available free of charge to the public at the registered office of Investec, 2 Gresham Street, London EC2V 7QP during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) until the date falling one month after the date of Admission.

Dated 25 June 2014

APPENDIX I

TERMS AND CONDITIONS OF THE PLACING

MEMBERS OF THE PUBLIC ARE NOT ELIGIBLE TO TAKE PART IN THE PLACING. THESE TERMS AND CONDITIONS ARE FOR INFORMATION PURPOSES ONLY AND ARE DIRECTED ONLY AT: (A) PERSONS IN MEMBER STATES OF THE EUROPEAN ECONOMIC AREA WHO ARE QUALIFIED INVESTORS AS DEFINED IN SECTION 86(7) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000, AS AMENDED, ("QUALIFIED INVESTORS") BEING PERSONS FALLING WITHIN THE MEANING OF ARTICLE 2(1)(E) OF THE EU PROSPECTUS DIRECTIVE (WHICH MEANS DIRECTIVE 2003/71/EC AND INCLUDES ANY RELEVANT IMPLEMENTING DIRECTIVE MEASURE IN ANY MEMBER STATE) (THE "PROSPECTUS DIRECTIVE"); (B) IN THE UNITED KINGDOM, QUALIFIED INVESTORS WHO ARE PERSONS WHO (I) FALL WITHIN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (THE "ORDER"); (II) FALL WITHIN ARTICLE 49(2)(A) TO (D) (HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS, ETC) OF THE ORDER; OR (III) ARE PERSONS TO WHOM IT MAY OTHERWISE BE LAWFULLY COMMUNICATED (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "RELEVANT PERSONS"). THESE TERMS AND CONDITIONS MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THESE TERMS AND CONDITIONS RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS.

1. INTRODUCTION

These terms and conditions apply to persons making an offer to acquire Placing Shares under the Placing. Each person to whom these conditions apply, as described above, who confirms his agreement to Investec and the Company (whether orally or in writing) to acquire Placing Shares under the Placing (an "**Investor**") hereby agrees with Investec and the Company to be bound by these terms and conditions as being the terms and conditions upon which Placing Shares will be issued under the Placing. An Investor shall, without limitation, become so bound if Investec confirms to such Investor: (i) the Placing Price; and (ii) its allocation of Placing Shares under the Placing.

Upon being notified of the Placing Price and its allocation of Placing Shares in the Placing, an Investor shall be contractually committed to acquire the number of Placing Shares allocated to them at the Placing Price and, to the fullest extent permitted by law, will be deemed to have agreed not to exercise any rights to rescind or terminate or otherwise withdraw from such commitment. Dealing may not begin before any notification is made.

2. AGREEMENT TO ACQUIRE PLACING SHARES

Conditional on (i) Admission occurring and becoming effective by 8.00 a.m. (London time) on 30 June 2014 (or such later time and/or date (being not later than 8.00 a.m. on 11 July 2014) as the Company and Investec may agree) and on the Placing Agreement being otherwise unconditional in all respects and not having been terminated in accordance with its terms on or before Admission; and (ii) the confirmation mentioned under paragraph 1 above, an Investor agrees to become a member of the Company and agrees to acquire Placing Shares at the Placing Price. The number of Placing Shares acquired by such Investor under the Placing shall be in accordance with the arrangements described above.

3. PAYMENT FOR PLACING SHARES

Each Investor undertakes to pay the Placing Price for the Placing Shares acquired by such Investor in such manner as shall be directed by Investec. In the event of any failure by an Investor to pay as so directed by Investec, the relevant Investor shall be deemed hereby to have appointed Investec or any nominee of Investec to sell (in one or more transactions) any or all of the Placing Shares in respect of which payment shall not have been made as so directed and to have agreed to indemnify on demand Investec in respect of any liability for stamp duty and/or stamp duty reserve tax arising in respect of any such sale or sales.

4. REPRESENTATIONS AND WARRANTIES

By receiving this document, each Investor and, to the extent applicable, any person confirming his agreement to acquire Placing Shares on behalf of an Investor or authorising Investec to notify an Investor's name to the Registrars, is deemed to acknowledge, agree, undertake, represent and warrant to each of Investec, the Registrar and the Company that:

4.1 the Investor has read this document in its entirety and acknowledges that its participation in the Placing shall be made solely on the terms and subject to the conditions set out in these terms and conditions, the Placing Agreement and the Articles. Such Investor agrees that these terms and conditions and the contract note issued by Investec to such Investor represent the whole and only agreement between the Investor, Investec and the Company in relation to the Investor's participation in the Placing and supersedes any previous agreement between any of such parties in relation to such participation. Accordingly, all other terms, conditions, representations, warranties and other statements which would otherwise be implied (by law or otherwise) shall not form part of these terms and conditions. Such Investor agrees that none of the Company, Investec nor any of their respective officers or directors will have any liability for any such other information or representation and irrevocably and unconditionally waives any rights it may have in respect of any such other information or representation;

4.2 if the Investor is a natural person, such Investor is not under the age of majority (18 years of age in the UK) on the date of such Investor's agreement to acquire Placing Shares under the Placing and will not be any such person on the date any such offer is accepted;

4.3 neither Investec nor any person affiliated with Investec or acting on its behalf is responsible for or shall have any liability for any information, representation or statement contained in this document or any supplementary admission document (as the case may be) or any information previously published by or on behalf of the Company or any member of easyHotel and will not be liable for any decision by an Investor to participate in the Placing based on any information, representation or statement contained in this document or otherwise;

4.4 the Investor has not relied on Investec or any person affiliated with Investec in connection with any investigation of the accuracy of any information contained in this document or their investment decision;

4.5 in agreeing to acquire Placing Shares under the Placing, the Investor is relying on this document or any supplementary admission document (as the case may be) and not on any draft thereof or other information or representation concerning easyHotel, the Placing or the Placing Shares. Such Investor agrees that neither the Company nor Investec nor their respective officers, directors or employees will have any liability for any such other information or representation and irrevocably and unconditionally waives any rights it may have in respect of any such other information or representation;

4.6 save in the event of fraud on its part (and to the extent permitted by the rules of the FCA), neither Investec nor any of its directors or employees shall be liable to an Investor for any matter arising out of the role of Investec as the Company's nominated adviser and broker or otherwise, and that where any such liability nevertheless arises as a matter of law each Investor will immediately waive any claim against Investec and any of its directors and employees which an Investor may have in respect thereof;

4.7 the Investor has complied with all applicable laws and such Investor will not infringe any applicable law as a result of such Investor's agreement to acquire Placing Shares under the Placing and/or acceptance thereof or any actions arising from such Investor's rights and obligations under the Investor's agreement to acquire Placing Shares under the Placing and/or acceptance thereof or under the Articles;

4.8 all actions, conditions and things required to be taken, fulfilled and done (including the obtaining of necessary consents) in order (i) to enable the Investor lawfully to enter into, and exercise its rights and perform and comply with its obligations to acquire the Placing Shares under, the Placing and (ii) to ensure that those obligations are legally binding and enforceable, have been taken, fulfilled and done. The Investor's entry into, exercise of its rights and/or performance under, or compliance with its obligations under this Placing, does not and will not violate (i) its constitutive documents or (ii) any agreement to which the Investor is a party or which is binding on the Investor or its assets;

4.9 that it understands that no action has been or will be taken in any jurisdiction by the Company or Investec or any other person that would permit a public offering of the Placing Shares, or possession or distribution of this document, in any country or jurisdiction where action for that purpose is required; and that, if the Investor is in a member state of the European Economic Area which has implemented the Prospectus Directive ("**Relevant Member State**"), it is (i) a legal entity which is authorised or regulated to operate in the financial markets or, if not so authorised or regulated, its corporate purpose is solely to invest in securities; (ii) a legal entity which has two or more of (a) an average of at least 250 employees during the last financial year; (b) a total balance sheet of more than €43,000,000; and (c) an annual net turnover of more than €50,000,000, in each case as shown in its last annual or consolidated accounts; (iii) otherwise permitted by law to be offered and issued Placing Shares in circumstances which do not require the publication by the Company of a prospectus pursuant to Article 3 of the Prospectus Directive or other applicable laws; or (iv) in the case of any Placing Shares acquired by an Investor as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, either:

4.9.1 the Placing Shares acquired by it in the Placing have not been acquired on behalf of, nor have they been acquired with a view to their placing or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of Investec has been given to the placing or resale; or

4.9.2 where Placing Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the placing of those Placing Shares to it is not treated under the Prospectus Directive as having been made to such persons;

4.10 to the fullest extent permitted by law, the Investor acknowledges and agrees to the disclaimers contained in this document and acknowledges and agrees to comply with the selling restrictions set out in this document;

4.11 the Ordinary Shares have not been and will not be registered under the US Securities Act,1933 as amended (the "**US Securities Act**"), or under the securities legislation of, or with any securities regulatory authority of, any state or other jurisdiction of the United States or under the applicable securities laws of Australia, Canada, Japan, the Republic of Ireland or the Republic of South Africa or where to do so may contravene local securities laws or regulations;

4.12 the Investor is not a person located in the United States and is eligible to participate in an "offshore transaction" as defined in and in accordance with Regulation S (under the US Securities Act) and the Placing Shares were not offered to such Investor by means of "directed selling efforts" as defined in Regulation S (under the US Securities Act);

4.13 it is acquiring the Placing Shares for investment purposes only and not with a view to any resale, distribution or other disposition of the Placing Shares in violation of the US Securities Act or any other United States federal or applicable state securities laws;

4.14 the Company is not obliged to file any registration statement in respect of resales of the Placing Shares in the United States with the U.S. Securities and Exchange Commission or with any state securities administrator;

4.15 the Company, and any registrar or transfer agent or other agent of the Company, will not be required to accept the registration of transfer of any Placing Shares acquired by the Investor, except upon presentation of evidence satisfactory to the Company that the foregoing restrictions on transfer have been complied with;

4.16 the Investor invests in or purchases securities similar to the Placing Shares in the normal course of its business and it has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of an investment in the Placing Shares;

4.17 the Investor has conducted its own investigation with respect to the Company and the Placing Shares and has had access to such financial and other information concerning the Company and the Placing Shares as the Investor deemed necessary to evaluate the merits and risks of an investment in the Placing Shares, and the Investor has concluded that an investment in the Placing Shares is suitable for it or, where the Investor is not acting as principal, for any beneficial owner of the Placing Shares, based upon each such person's investment objectives and financial requirements;

4.18 the Investor or, where the Investor is not acting as principal, any beneficial owner of the Placing Shares, is able to bear the economic risk of an investment in the Placing Shares for an indefinite period and the loss of its entire investment in the Placing Shares;

4.19 there may be adverse consequences to the Investor under United States and other tax laws resulting from an investment in the Placing Shares and the Investor has made such investigation and has consulted such tax and other advisors with respect thereto as it deems necessary or appropriate;

4.20 the Investor is not a resident of Australia, Canada, Japan, the Republic of Ireland or the Republic of South Africa and acknowledges that the Placing Shares have not been and will not be registered nor will a prospectus be prepared in respect of the Placing Shares under the securities legislation of Australia, Canada, Japan, the Republic of Ireland or the Republic of South Africa and, subject to certain exceptions, the Placing Shares may not be offered, issued, or sold, directly or indirectly, in or into those jurisdictions;

4.21 the Investor is liable for any capital duty, stamp duty and all other stamp, issue, securities, transfer, registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto) payable outside the UK by it or any other person on the acquisition by it of any Placing Shares or the agreement by it to acquire any Placing Shares;

4.22 in the case of a person who confirms to Investec on behalf of an Investor an agreement to acquire Placing Shares under the Placing and/or who authorises Investec to notify such Investor's name to the Registrar, that person represents and warrants that he has authority to do so on behalf of the Investor;

4.23 the Investor has complied with its obligations in connection with money laundering and terrorist financing under the Proceeds of Crime Act 2002, the Terrorism Act 2000 and the Money Laundering Regulations 2007 and any other applicable law concerning the prevention of money laundering and, if it is making payment on behalf of a third party, that satisfactory evidence has been obtained and recorded by it to verify the identity of the third party as required by the Money Laundering Regulations 2007 and, in each case, agrees that pending satisfaction of such obligations, definitive certificates (or allocation under the CREST system) in respect of the Placing Shares comprising the Investor's allocation may be retained at Investec's discretion;

4.24 the Investor agrees that, due to anti-money laundering and the countering of terrorist financing requirements, Investec and/or the Company may require proof of identity of the Investor and related parties and verification of the source of the payment before the application can be processed and that, in the event of delay or failure by the Investor to produce any information required for verification purposes, Investec and/or the Company may refuse to accept the application and the subscription moneys relating thereto. It holds harmless and will indemnify Investec and/or the Company against any liability, loss or cost ensuing due to the failure to process this application, if such information as has been required has not been provided by it or has not been provided on a timely basis;

4.25 the Investor is aware of the obligations regarding insider dealing in the Criminal Justice Act 1993, section 118 of the Financial Services and Markets Act 2000 and the Proceeds of Crime Act 2002 and confirms that the Investor has and will continue to comply with those obligations;

4.26 the Investor is not, and is not applying as nominee or agent for, a person which is, or may be, mentioned in any of sections 67, 70, 93 and 96 of the Finance Act 1986 (depository receipts and clearance services);

4.27 the Investor has complied with and will comply with all applicable provisions of FSMA with respect to anything done by the Investor in relation to the Placing in, from or otherwise involving the UK;

4.28 the Investor has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) relating to the Placing Shares in circumstances in which section 21(1) of FSMA does not require approval of the communication by an authorised person and the Investor acknowledges and agrees that none of the documents in connection with the Placing are being issued by Investec in its capacity as an authorised person under section 21 of FSMA and they may not therefore be subject to the controls which would apply if they were made or approved as a financial promotion by an authorised person;

4.29 if the Investor is in the UK, the Investor is a person (i) who has professional experience in matters relating to investments falling within article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended or replaced) (the "Order") or (ii) a high net worth entity falling within article 49(2)(a) to (d) of the Order, and in all cases is capable of being categorised as a Professional Client or Eligible Counterparty for the purposes of the FCA Conduct of Business Rules (all such persons together being referred to as "relevant persons");

4.30 if the Investor is in the European Economic Area ("EEA"), the person is a "Professional Client/Eligible Counterparty" within the meaning of Annex II/Article 24 (2) of The Markets in Financial Instruments Directive 2004/39 (as amended) and is not participating in the Placing on behalf of persons in the EEA other than Professional Clients or persons in the UK and other member states (where equivalent legislation exists) for whom the Investor has authority to make decisions on a wholly discretionary basis;

4.31 in the case of a person who confirms to Investec on behalf of an Investor an agreement to acquire Placing Shares under the Placing and who is acting on behalf of a third party, that the terms on which the Investor (or any person acting on its behalf) are engaged enable it to make investment decisions in relation to securities on that third party's behalf without reference to that third party;

4.32 Investec is not making any recommendation to the Investor or advising the Investor regarding the suitability or merits of participation in the Placing or any transaction the Investor may enter into in connection with the Placing or otherwise. The Investor is not Investec's client in connection with the Placing and Investec will not be responsible to any Investor for providing the protections afforded to Investec's clients or providing advice in relation to the Placing and Investec will not have any duties or responsibilities to any Investor similar or comparable to "best execution" and "suitability" imposed by the Conduct of Business Sourcebook contained in the Rules of the FCA;

4.33 the exercise by Investec of any rights or discretions under the Placing Agreement shall be within its absolute discretion and Investec need not have any reference to any Investor and shall have no liability to any Investor whatsoever in connection with any decision to exercise or not to exercise or to waive any such right and each Investor agrees that it shall have no rights against Investec or its directors or employees under the Placing Agreement;

4.34 Investec may, and its affiliates acting as an investor for its or their own account(s) may, subscribe for Placing Shares and, in that capacity may retain, purchase, offer to sell or otherwise deal for its or their own account(s) in the Placing Shares, any other securities of the Company or other related investments in connection with the Placing or otherwise. Accordingly, references in these terms and conditions to the Placing Shares being offered, subscribed, acquired or otherwise dealt with should be read as including any offer to, or subscription, acquisition or dealing by, Investec and/or any of their respective affiliates acting as an investor for its or their own account(s). Neither Investec nor the

Company intend to disclose the extent of any such investment or transaction otherwise than in accordance with any legal or regulatory obligation to do so;

4.35 it irrevocably appoints any director of Investec as its agent for the purposes of executing and delivering to the Company and/or its Registrar any documents on its behalf necessary to enable it to be registered as the holder of any of the Placing Shares agreed to be taken up by it under the Placing and otherwise to do all acts, matters and things as may be necessary for, or incidental to, its acquisition of any Placing Shares in the event of its failure so to do; and

4.36 it will indemnify and hold the Company and Investec and their respective affiliates harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations, warranties, acknowledgements, agreements and undertakings in this Appendix I and further agrees that the provisions of this Appendix I will survive after completion of the Placing. The Company and Investec will rely upon the truth and accuracy of each of the foregoing representations, warranties and undertakings.

5. SUPPLY AND DISCLOSURE OF INFORMATION

If any of Investec, the Registrar or the Company or any of their respective agents request any information about an Investor's agreement to acquire Placing Shares, such Investor must promptly disclose it to them.

6. MISCELLANEOUS

The rights and remedies of Investec, the Registrar and the Company under these terms and conditions are in addition to any rights and remedies which would otherwise be available to each of them and the exercise or partial exercise of one will not prevent the exercise of others.

On application, each Investor may be asked to disclose, in writing or orally to Investec:

6.1 if he is an individual, his nationality; or

6.2 if he is a discretionary fund manager, the jurisdiction in which the funds are managed or owned. All documents will be sent at the Investor's risk. They may be sent by post to such Investor at an address notified to Investec. Each Investor agrees to be bound by the Articles (as amended from time to time) once the Placing Shares which such Investor has agreed to acquire have been acquired by such Investor. The provisions of this Appendix I may be waived, varied or modified as regards specific Investors or on a general basis by Investec. The contract to acquire Placing Shares and the appointments and authorities mentioned herein will be governed by, and construed in accordance with, the laws of England and Wales. For the exclusive benefit of Investec, the Company and the Registrar, each Investor irrevocably submits to the exclusive jurisdiction of the English courts in respect of these matters. This does not prevent an action being taken against an Investor in any other jurisdiction. In the case of a joint agreement to acquire Placing Shares, references to an "Investor" in these terms and conditions are to each of such Investors and such joint Investors' liability is joint and several. Investec and the Company each expressly reserve the right to modify the Placing (including, without limitation, its timetable and settlement) at any time before allocations of Placing Shares under the Placing are determined.

6.3 The Placing is subject to the satisfaction of the conditions contained in the Placing Agreement and the Placing Agreement not having been terminated. Further details of the terms of the Placing Agreement are contained in paragraph 7.1 of Part VI of this document.

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