ASPEN DIGITAL, INC.

Disclosure Statement
August 24, 2020

Aspen Digital, Inc., a Maryland corporation, is providing the following disclosure statement to you, a potential purchaser of Aspen Digital Tokens (as defined below), at the request of the sellers of Aspen Digital Tokens. No seller of Aspen Digital Tokens is a "control person" with respect to Aspen Digital, Inc. **This disclosure statement does not constitute an offer to sell or the solicitation of an offer to buy any securities**. The information provided is current as of the date above.

Exact name of issuer and issuer's predecessor, if any, and state of incorporation:	Aspen Digital, Inc., a Maryland corporation. The "Company," "we," "us," and "our" refers to Aspen Digital, Inc. together with its subsidiaries.
Address of principal executive offices:	C/O Ruchelman PLLC 150 East 58th Street, 22nd Floor New York, N.Y., 10155
Exact title and class of the security, including par value:	Aspen Digital Tokens. Each Aspen Digital Token represents an indirect ownership interest in one share of the Company's common stock, par value $0.0001 per share (the "**common stock**"), that is held pursuant to that certain deposit agreement, as amended, by and among the Company, Computershare, Inc., a Delaware corporation, and its wholly owned subsidiary, Computershare Trust Company, N.A., a federally chartered trust company (collectively, the "**depositary**"), and the persons who from time to time may become registered owners of Aspen Digital Tokens (our "**tokenholders**") in accordance with the terms of the deposit agreement (the "**deposit agreement**"). The depositary maintains the register of the Aspen Digital Tokens (ADT Register) which is in book entry form and a courtesy carbon copy of such register is on the Tezos Blockchain with no legal or controlling effect on record ownership. For a summary of the deposit agreement, see Exhibit 3. A copy of the deposit agreement shall be made available by the Company upon request by a potential purchaser.
Total amount of the securities outstanding as of the end of the issuer's most recent fiscal year:	As of December 31, 2019, there were 18,000,000 shares of common issued and outstanding and 18,000,000 Aspen Digital Tokens issued and outstanding

Name and address of issuer's transfer agent for the securities:	Computershare Trust Company, N.A. (the "**Transfer Agent**") 250 Royal Street Canton, MA 02021
Statement of nature of the issuer's business, products and services and the nature and extent of the issuer's facilities:	See Exhibit 1
Directors and executive officers of the issuer:	See Exhibit 2
Financial Statements:	See Exhibit 4
Brokers, dealers or agents that will be paid commissions or any remuneration for participation in the offer or sale of the securities:	tZERO ATS, LLC (formally known as PRO Securities, LLC) ("**tZERO ATS**") operates an alternative trading system (the "**ATS**") on which Aspen Digital Tokens are traded. tZERO ATS is a wholly owned subsidiary of tZERO. Dinosaur Financial Group, LLC ("**Dino**") is the introducing broker for all buyers and sellers of Aspen Digital Tokens. Electronic Transaction Clearing, Inc. (now doing business as Apex PRO, "**Apex**") is the custodial broker for the Aspen Digital Tokens traded on the ATS. Apex thus provides clearing and custody for the brokerage accounts of Dino's customers holding the Aspen Digital Tokens. Each of Dino and Apex is a Securities and Exchange Commission ("**SEC**")-registered broker-dealer and Financial Industry Regulatory Authority, Inc. ("**FINRA**") and the Securities Investor Protection Corporation ("**SIPC**") member. The Transfer Agent is regulated by the SEC as a transfer agent. Dino charges holders of Aspen Digital Tokens a 1% commission, with a minimum $0.01 fee per transaction, on all purchases and sales of Aspen Digital Tokens (collectively, the "**Commissions**"). Apex collects the Commissions from holders Aspen Digital Tokens on behalf of Dino and remits the Commissions to Dino. tZERO ATS invoices Dino for the total amount of the Commissions, which Dino pays to tZERO ATS, from time to time. There is no other commission or remuneration for such entity's participation in the offer and sale of Aspen Digital Tokens to you.
Whether the broker or dealer of any associated person is	N/A

affiliated, directly or indirectly with the issuer:	
Whether the quotation is being published or submitted on behalf of any other broker or dealer, and, if so, the name of such broker or dealer:	N/A
Whether the quotation is being submitted or published directly or indirectly on behalf of the issuer, or any director, officer or any person, directly or indirectly the beneficial owner of more than 10 percent of the outstanding units or shares of any equity security of the issuer, and, if so, the name of such person, and the basis for any exemption under the federal securities laws for any sales of such securities on behalf of such person:	N/A

Investor Notice:

Investors should note that investing or trading in Aspen Digital Tokens could involve substantial risks, including no guarantee of returns, costs associated with selling and purchasing, and no assurance of liquidity which could impact their price and investor's ability to sell, and possible loss of principal invested.

Transfers of Aspen Digital Tokens outside of orders submitted to the ATS by an ATS-executing broker-dealer, or with a broker-dealer that itself maintains an account with an ATS-subscribing broker-dealer, on behalf of its customers ("peer-to-peer transfers"), are not permitted, subject to limited circumstances. The Transfer Agent may register peer-to-peer transfers of record ownership of Aspen Digital Tokens in limited circumstances that do not constitute "sales" for purposes of securities laws, such as a transfer from broker-dealer to broker-dealer, with the tokenholder's carrying broker-dealer being reflected as the record holder, or a transfer by a tokenholder who is the record holder pursuant to a divorce decree, death, gift or certain corporate actions (and then only following compliance with the Transfer Agent's procedures, including delivery of appropriate documentation). Please also see "Description of Securities – Aspen Digital Tokens-Ownership and Transfer Restrictions" on Exhibit 3.

In order to comply with and manage our obligations under applicable laws and regulations and ensure the security and functionality of the Aspen Digital Tokens, the Company may at any time, prohibit holders of Aspen Digital Tokens from withdrawing Aspen Digital Tokens from their Dino

accounts and holding such Aspen Digital Tokens directly as registered holders of record. When such a prohibition is in effect, the Company may permit such withdrawals only in extraordinary circumstances and subject to any and all conditions that the Company may determine in its sole discretion.

Certain market and industry data included herein have been obtained from third-party sources that we believe to be reliable. Market estimates are calculated by using independent industry publications, government publications and third-party forecasts in conjunction with our assumptions about our markets. We have not independently verified such third-party information. The data from STR, Inc. regarding results of hotel operations is not, and should not be construed as, legal or investment advice, or as an endorsement of any property, a recommendation regarding any particular security or course of action, or a guarantee of future performance. While we are not aware of any misstatements regarding any market, industry or similar data presented herein, such data involves risks and uncertainties and is subject to change based on various factors, including those discussed under the headings "Cautionary Note Regarding Forward-Looking Statements" and "Risk Related to our Business."

*Neither Marriott International Inc. ("**Marriott**") nor Starwood Hotels & Resorts Worldwide, Inc. and its subsidiaries ("**Starwood**") (collectively, our "**Hotel Manager**"), nor any of their affiliates (i) hold an ownership interest in the St. Regis Aspen Resort, or (ii) are responsible for any disclosures or other information set forth herein. Our Hotel Manager was not a sponsor of our private offering of Aspen Digital Tokens, and investors in the Hotel will not receive any interest in our Hotel Manager, any other ventures involving our Hotel Manager, or the income and profits derived therefrom.*

The St. Regis trademarks are owned exclusively by Sheraton Operating Corporation and are registered in the United States and other countries. The St. Regis name and trademarks are used at our hotel under license from our Hotel Manager. In the event that our hotel management agreement with our Hotel Manager with respect to our hotel is terminated for any reason, the use of all applicable St. Regis trademarks and service marks in connection with our hotel will cease; all signs and materials bearing those marks and other indicia connecting our hotel with our Hotel Manager will be removed; and our Hotel Manager will no longer provide services to our hotel. Our Hotel Manager is and will continue to be engaged in other business ventures, including the acquisition, development, construction, ownership or operation of lodging, residential and vacation ownership properties, which are or may become competitive with St. Regis Aspen Resort. Thus our Hotel Manager may have potential conflicts of interest in connection with the operation of our hotel.

EXHIBIT 1

About Aspen Digital, Inc.

Overview

Aspen Digital, Inc. is a Maryland corporation that was formed to own the St. Regis Aspen Resort in Aspen, Colorado. We are a single purpose company and currently intend to own only the St. Regis Aspen Resort. Therefore, an investment in the Aspen Digital Tokens is an investment in the St. Regis Aspen Resort.

We are externally managed by ER-RE, LLC (our "**Manager**"), which is a subsidiary of Elevated Returns, LLC ("**Elevated Returns**") which is in turn wholly owned by Stephane De Baets, our chairman, chief executive officer and president. Elevated Returns is a real estate asset management and advisory firm and, as of July 31, 2020, had approximately $250 million in assets under management, including the St. Regis Aspen Resort. Elevated Returns executives are actively involved in the day-to-day management of its invested companies and focused on the ownership, operation and acquisition of hospitality assets located within the top markets throughout the United States.

The St. Regis Aspen Resort is a full-service luxury hotel located in Aspen, Colorado with an upscale restaurant, a private spa and heated outdoor pool with panoramic views of the Aspen mountainside. The resort is centrally located within walking distance of many of Aspen's high-end retail shops, restaurants and entertainment and two blocks from the base of Aspen Mountain. The St. Regis Aspen Resort features on-site ski and snowboard rentals, as well as a ski valet service that removes the hassle from transporting equipment to and from the four nearby ski mountains each day.

The St. Regis Aspen Resort has 179 guest rooms, consisting of 154 standard rooms and 25 suites. Guests staying in suites enjoy the St. Regis Butler Service, which has been a hallmark of the St. Regis experience for over 100 years and provides packing and unpacking services, garment pressings and assistance with obtaining dinner reservations and theater tickets. In addition, the hotel offers approximately 29,000 square feet of indoor and outdoor conference and banquet venues with views of the Rocky Mountains, including 14 fully equipped meeting spaces that can accommodate special events and celebrations for up to 1,200 guests, and corporate meeting planners can enjoy the services of a St. Regis Meeting Butler, a highly trained individual who acts as a liaison between the meeting planners and other departments of the hotel. The indoor meeting space includes the 9,146-square-foot Grand Ballroom, which we believe is the largest ballroom in Aspen. The St. Regis Aspen Resort also features luxury recreational facilities, including the 15,000-square-foot Spa, a fitness center, a heated outdoor swimming pool and three outdoor whirlpools with views of the mountainside. Additionally, various high-end retailers lease retail space from the hotel.

The St. Regis Aspen Resort operates three food and beverage outlets: Velvet Buck is the property's casual restaurant and also services the hotel's catering and in-room dining operations; Mountain Social, serving cocktails and light meals, is located off the lobby and offers both couch and table seating, a large fireplace, and views of Aspen Mountain; and Splash is open during the summer

season and is located adjacent to the outdoor swimming pool. Light meals and cocktails from this outlet are served at dedicated outdoor tables and lounge chairs around the swimming pool. The hotel also leases space to the Chefs Club Aspen restaurant and bar, which is managed and owned in part by Mr. De Baets.

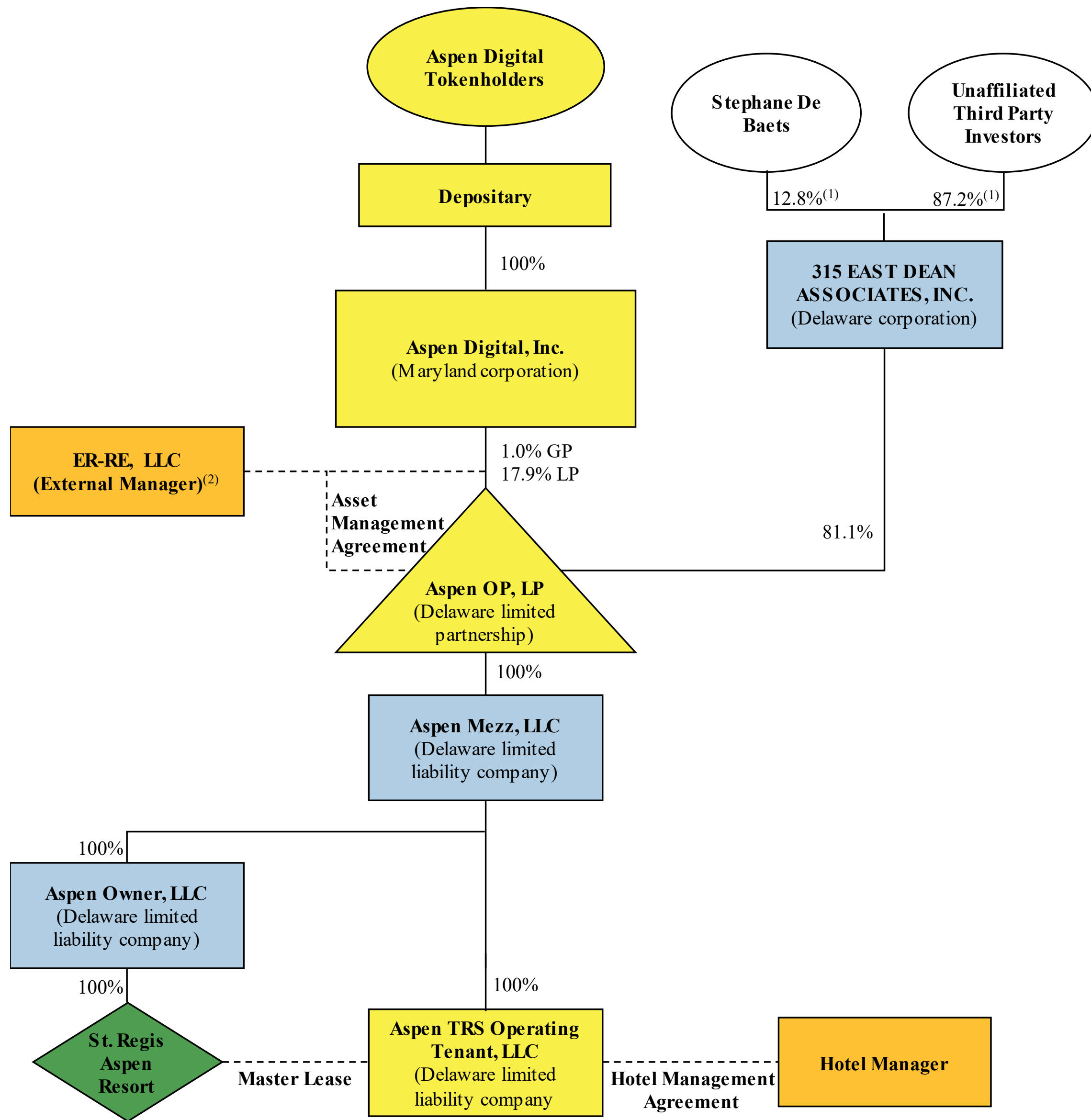
In addition to drawing couples and families for vacations throughout the year, the St. Regis Aspen Resort attracts celebrities, high net worth individuals and top executives and has a history of being selected for exclusive private events, both leisure- and business-related. The St. Regis Aspen Resort offers an array of activities year- round, including world-class skiing, snowmobiling and dog sledding during the winter and Whitewater rafting, horseback riding, hiking, golf, hot air ballooning and paragliding during the summer. While famous for its skiing, Aspen and the surrounding area offer festivals year-round, including World Cup ski races, ESPN Winter X Games, Food & Wine Classic, Jazz Aspen Snowmass Labor Day Festival, and Aspen Music Festival. The St. Regis Aspen Resort is regularly the venue for well-known annual events in the entertainment, fashion and press industries, such as the Aspen Valley Polo Club, Apres Ski Cocktail Classic and Winterskol Awards Dinner.

Our History

The St. Regis Aspen Resort opened in 1992 as a Ritz-Carlton Hotel. In 1998, the property was converted to the St. Regis brand when it was purchased by Starwood. In 2005, the property was divided into two separate units, a residential condominium complex, which is not and will not be owned by us, and the hotel unit, which represents the St. Regis Aspen Resort, which is our sole asset. On September 29, 2010, 315 East Dean Associates, Inc., an entity in which Mr. De Baets is an indirect investor and serves as the president ("**315 East Dean**"), purchased the St. Regis Aspen Resort from Starwood for approximately $70.0 million ($390,000 per room) (the "**2010 Acquisition**"). Starwood has managed the St. Regis Aspen Resort since 1998, and in connection with the 2010 Acquisition, 315 East Dean entered into a hotel management agreement with Sheraton Operating Corporation, a wholly owned subsidiary of Starwood, to continue Starwood's management of the hotel. The St. Regis brand provides a luxury experience at over 30 hotels around the world, including the St. Regis Aspen Resort. On September 23, 2016, Marriott completed the acquisition of Starwood, after which Starwood became an indirect wholly owned subsidiary of Marriott, a worldwide operator, franchisor, and licensor of hotels and timeshare properties under numerous brand names. At year-end 2016, Marriott operated 1,821 properties (521,552 rooms) under long-term management agreements with property owners, 48 properties (10,933 rooms) under long-term lease agreements with property owners, and 22 properties (9,906 rooms) that it owns.

We were formed as a Maryland corporation on December 23, 2016. We are conducting our business through an UPREIT structure, in which the St. Regis Aspen Resort is wholly owned indirectly by Aspen OP, LP, a Delaware limited partnership (our "**operating partnership**"). Aspen Digital is the sole general partner of our operating partnership and has the exclusive power to manage and conduct our operating partnership's business, subject to the limitations described in our operating partnership agreement.

The following chart shows our current structure.



The Company has 125 shares of 12.0% Series A Cumulative Non-Voting Preferred Stock, par value $0.0001 per share, issued and outstanding.

Our Business

Our Competitive Strengths

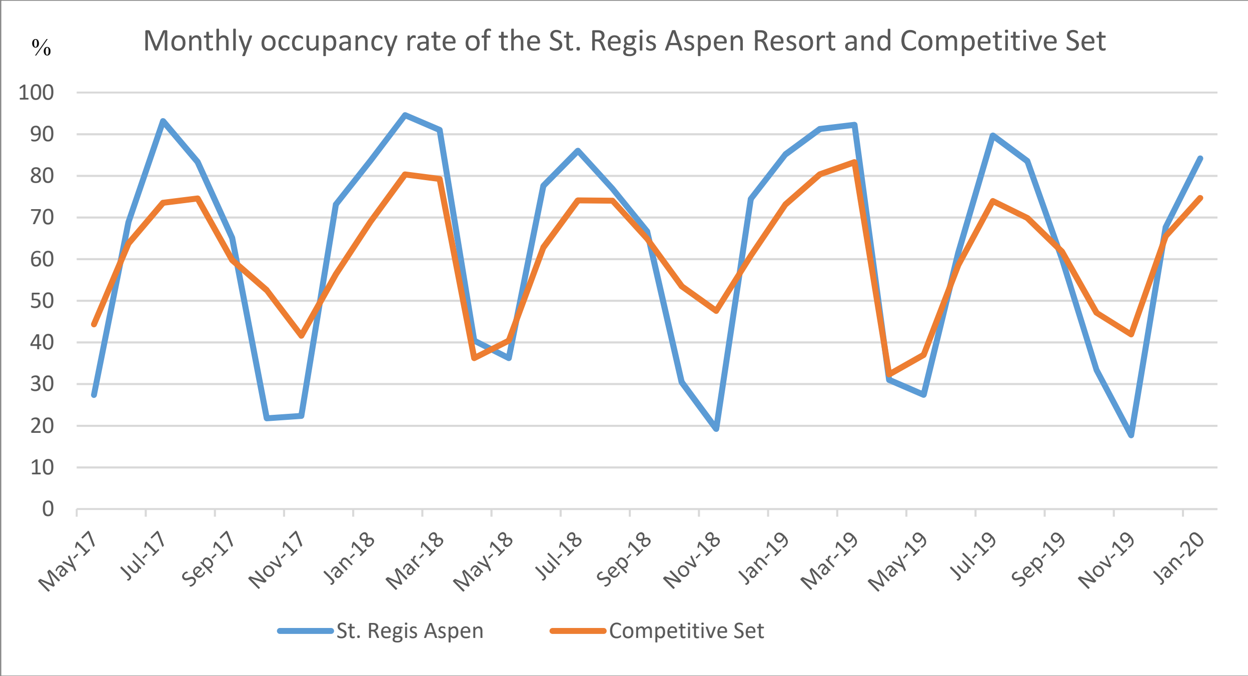
The St. Regis Aspen Resort has been in operation since 1992 and presents many competitive strengths:

***Our occupancy, average daily rate, and revenue per available room are generally strong relative to our competitive set*.**

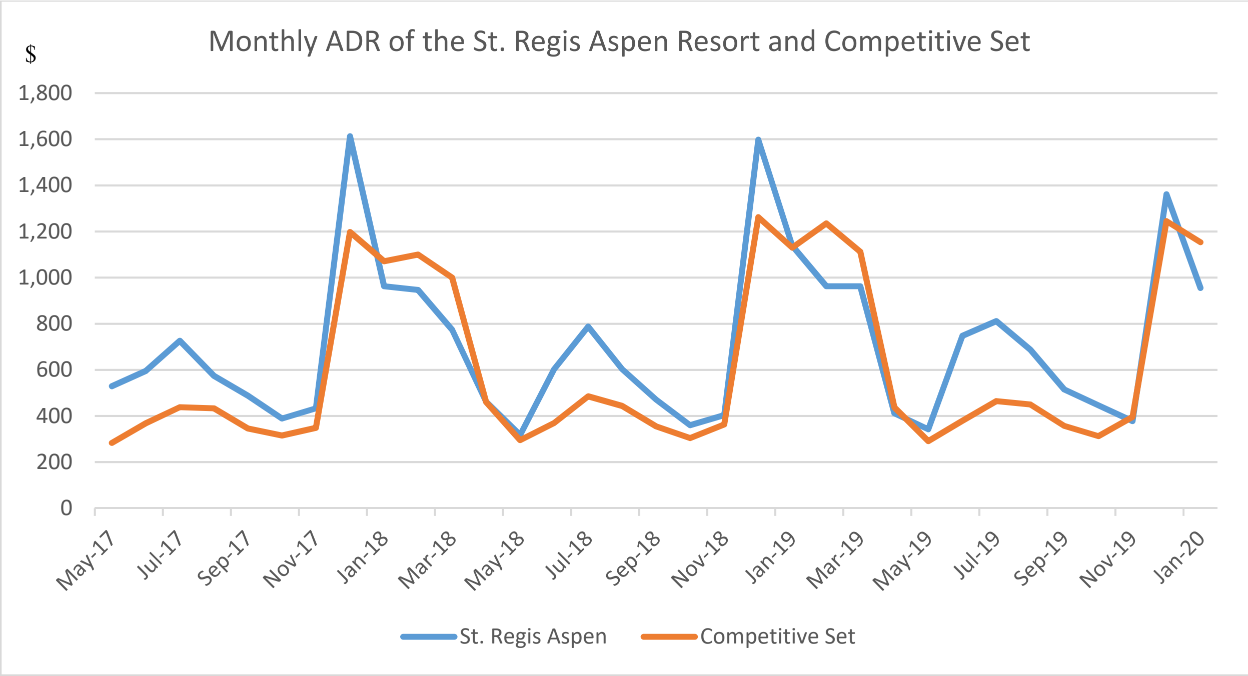
As measured by STR, Inc., which is an independent research firm that compiles data on the lodging industry, and as demonstrated in the charts below, our monthly occupancy, available daily rate (which is defined as the average room price per day attained by a hotel) ("**ADR**") and revenue per available room (which is defined as ADR multiplied by occupancy) ("**RevPAR**") are generally strong relative to our competitive set. We define our competitive set as comparable internationally branded luxury resorts in renowned ski resorts in the Rocky Mountain region, including Aspen-Snowmass, Colorado, Deer Valley-Park City, Utah, Vail-Avon, Colorado, and Lake Tahoe, California.

Our primary strategy to maintain and grow RevPAR is based on preserving our ADR while increasing occupancy by driving group business during our off-peak seasons in spring and autumn. Unlike many other properties, the St. Regis Aspen Resort limits the sale of vacant rooms at discounted rates through programs that fill rooms at the last minute. We believe that this policy helps preserve the St. Regis Aspen Resort's brand and maintain and grow a loyal clientele who are willing to pay higher prices for the St. Regis Aspen Resort experience.

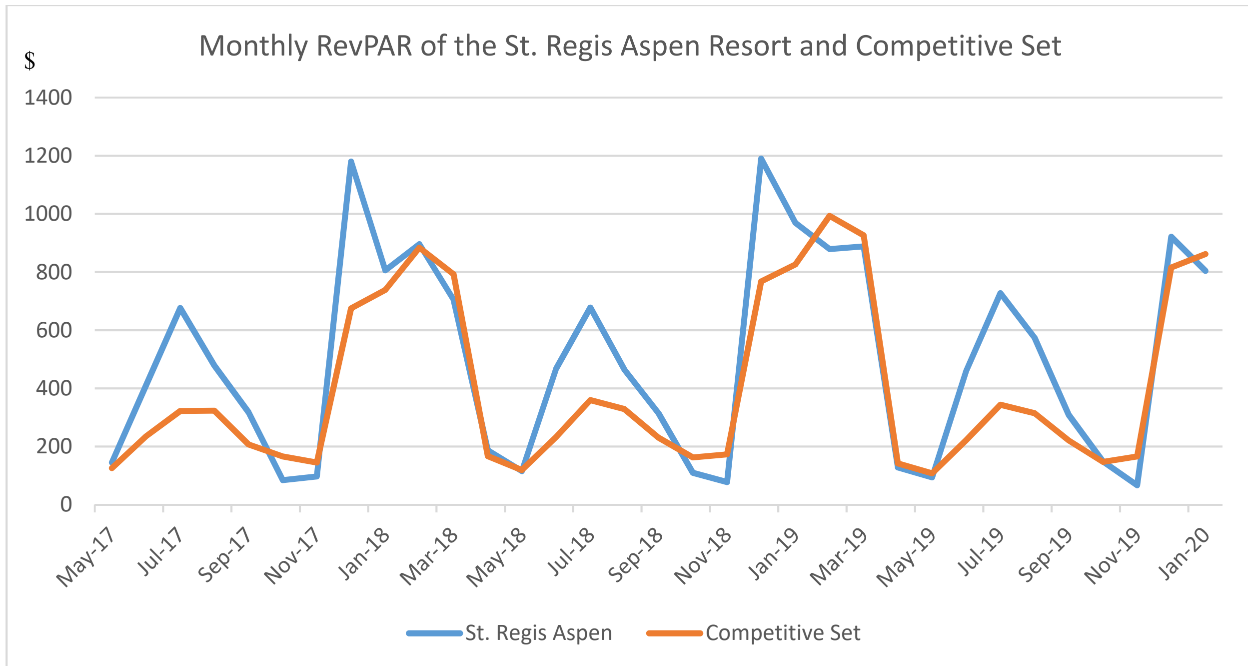
The charts below show our monthly occupancy, ADR and RevPAR rates from May 2017 through January 2020, as compared to our competitive set.



Source: STR, Inc.



Source: STR, Inc.



Source: STR, Inc.

We believe that our consistent strong performance is primarily due to the high-quality service that the St. Regis Aspen Resort provides to our customers and the amenities of the resort.

The St. Regis Aspen Resort is a luxury hotel and a high-end asset.

We believe that high-end assets have characteristics that represent a well-defined segment within the property market which, over the long term, is more insulated from cyclical fluctuations of the real estate market. The St. Regis Aspen Resort is a luxury hotel that appeals to celebrities, high net worth individuals, tourists and corporate executives, among others. Aspen and the surrounding area, famous for its skiing, also offer festivals year- round, some of which include Winterskol, Food & Wine Classic, Jazz Aspen Snowmass, and Aspen Music Festival. With views of the Rockies, it has access to winter skiing, summer sports and is within walking distance of all of Aspen's shops, restaurants and entertainment. We believe that our history and size give us a competitive advantage over new entrants to the market that are less connected to the community. The St. Regis Aspen Resort is regularly the venue for well-known annual events in the entertainment, fashion and press industries, such as the Aspen Valley Polo Club, Apres Ski Cocktail Classic and Winterskol Awards Dinner.

The St. Regis Aspen Resort is selected as a venue for high-profile events, which we believe results in higher ADR for the resort.

The St. Regis Aspen Resort has a history as a venue for high-profile exclusive events and attractions. Typically, the winter and summer seasons in Aspen are our most popular seasons for high-profile events, and we believe this drives, in part, higher occupancy during these seasons than in the spring and fall. Due to this popularity, we can also typically increase our room rates, contributing to what is typically a higher ADR for December through March and, to a lesser degree,

June through August. Furthermore, we believe that hosting high-profile events attracts customers to the hotel beyond the days immediately surrounding the event. These events are often showcased in the press and reinforce our brand, contributing to our financial results.

Elevated Returns and our Hotel Manager have extensive experience in managing luxury hotels and restaurants.

Mr. De Baets, our chairman, chief executive officer and president, and the sole owner of Elevated Returns, the majority owner of our Manager, has over 20 years of experience in asset management, financial structuring and mergers and acquisitions, and has been involved with the St. Regis Aspen Resort since the 2010 Acquisition. Mr. De Baets has advised companies in both Asia and the United States and has significant experience and professional networks in both the real estate and hospitality industries. Other notable properties of which Mr. De Baets has managed or currently manages and in which he has had or has an ownership interest include the Sunset Tower Hotel in West Hollywood, California, the Chefs Club restaurants in Aspen, Colorado and New York City and Chefs Club Counter, Lupulo and Aldea Restaurants in New York City. While in Asia, Mr. De Baets specialized in the hospitality industry and has been involved in the acquisition, disposition and restructuring of numerous hotels.

Aspen is a popular destination for leisure travel in multiple seasons, and we have an established presence in the Aspen area.

Aspen's desirability as a popular vacation destination and location for resort homes has made it one of the nation's most expensive areas to develop, and, as the city of Aspen is surrounded on three sides by National Forest Land, giving the area limited developable land, it is considered to be an extremely exclusive real estate market with high barriers to entry. While Aspen began as a silver mining town, Aspen has become known as a luxury resort town for the wealthy and famous, and has become a second or third home to corporate executives and celebrities. As a result of this influx of wealth, Aspen boasts some of the most expensive real estate prices in the United States, and the downtown has been largely transformed into an upscale shopping district known for high-end restaurants, salons and boutiques, while also showcasing the rustic charm of the Mountain West, including landmarks like the Wheeler Opera House, which was built in 1889 during the area's silver mining boom. We believe the high real estate prices and barriers to entry for new development benefit us, as we have an established presence in Aspen as a provider of luxury lodging.

Moreover, with its luxury positioning and wide appeal to international travelers, Aspen has developed a strong economy of its own. Located high in the Rocky Mountains, Aspen is internationally renowned as a winter and summer resort. The Rocky Mountains generally have reliable snow, a long ski season and reliable vehicular and air access. Aspen, in particular, with access to four ski mountains, Aspen Mountain, Aspen Highlands, Buttermilk, and Snowmass Mountain, trail systems for snowshoeing and cross-country skiing and a vibrant aprés ski scene, offers an array of winter entertainment. In addition to being a leading world-class skiing destination, the area offers year-round recreational activities and cultural events that draw visitors during all seasons and make Aspen, and our hotel, less dependent on snowfall compared to other major U.S. ski resort destinations.

Our Business and Growth Strategies

By capitalizing on our competitive strengths, we seek to increase long-term value for our tokenholders by achieving sustainable long-term growth. Our business and growth strategies to achieve these objectives include the following:

Increasing revenue with a growth strategy to increase occupancy through the St. Regis Aspen Resort experience.

The St. Regis Aspen Resort's revenue is primarily driven by room rentals and food and beverage sales, as well as events and catering. We intend to continue implementing a strategy to maximize both room rental and food and beverage revenue. In addition, we believe we have an opportunity to improve the St. Regis Aspen Resort's occupancy, which will further increase RevPAR.

In order to further capitalize on the value of the St. Regis Aspen Resort brand, we believe that we can grow the St. Regis Aspen Resort's revenue by continuing to implement a strategy with goals such as the following:

- Actively monitoring and advising our Hotel Manager on a variety of aspects of the St. Regis Aspen Resort's operations, including physical design, capital planning and investment, guest experience and overall strategic direction;
- Regularly reviewing opportunities to invest in the St. Regis Aspen Resort in an effort to enhance its quality and attractiveness, long-term value and returns on investment; and
- Forming strategic branding partnerships to provide increasingly luxurious amenities at the St. Regis Aspen Resort.

Our Manager is incentivized to succeed.

Our business is customer-focused, so our Manager is consistently making adjustments to fulfill our growth strategy and to adapt to changes in the market, so that we continue to meet and exceed our customers' expectations.

We have structured our relationship with our Manager and Hotel Manager so that our interests and the interests of our tokenholders are closely aligned with those of our Manager and Hotel Manager over the long term. 315 East Dean owns 81.1% of the equity interests in our operating partnership. In addition, we have structured our management arrangements with our Manager and Hotel Manager to provide for incentive fees based on our performance. We believe that Mr. De Baets' ownership of equity interests in our operating partnership, as well as the incentive fees that may be earned by our Manager and Hotel Manager, will create an incentive to maximize returns for our tokenholders by aligning our interests with those of Mr. De Baets and our Manager and Hotel Manager.

Financings

We are a party to a loan agreement for a mortgage loan in the original principal amount of $130 million, with a current outstanding amount of $139.7 million and a loan agreement for a mezzanine loan in the original and outstanding principal amount of $1,000 with a financial lending institution.

The maturity date for each loan is July 8, 2022, which may be extended. The interest rate on each loan is 30-Day LIBOR+ 3.69% (see spread evolution detailed in the table below) and 30-Day LIBOR+ 3.39%. The loan agreements also include customary events of default and customary cure periods and financial covenants. In connection with these loan agreements, Mr. De Baets and an affiliate entered into customary non-recourse carveout guaranties with the lender.

Working Capital Funding Advances	**LIBOR Spread**
$0	3.39% (339 Basis Points)
Greater than $0 and less than $4,000,000	3.69% (369 Basis Points)
Greater than or equal to $4,000,000	4.01% (401 Basis Points)

In connection with the refinancing of our existing debt in December 2019, we obtained an appraisal from an independent valuer to determine the market value of our hotel as of December 31, 2019. The independent valuer determined the market value of our hotel to be $262 million, utilizing the income capitalization and sales comparison approaches. The appraisal is subject to certain assumptions. The value determined by the independent valuer in the appraisal does not reflect the actual value of our hotel, as the report represents an opinion of value based on historical information and forecast of market conditions. Additionally, the value does not necessarily reflect the sales price of our hotel that would be realized in an actual sale of our hotel. This price could be higher or lower than the appraised value of our hotel.

Competition

The hotel industry is highly competitive. We compete with other Aspen hotels for guests, as well as with comparable internationally branded luxury resorts in renowned ski resorts in the Rocky Mountain regions, including Aspen-Snowmass, Colorado, Deer Valley-Park City, Utah, Vail-Avon, Colorado, and Jackson Hole, Wyoming. Competitive advantage within Aspen is based on a number of factors, including location, convenience, brand affiliation, room rates, range of services and guest amenities or accommodations offered and quality of customer service. Competitive advantage with other comparable ski resorts depends largely on snow conditions at the various resorts, as well as with the convenience of Aspen and brand affiliation with the St. Regis brand. We also compete with existing and new hotels operated under various brand names.

Distributions

We have made, and intend to continue to make, distributions from time to time to holders of shares of our common stock (which are distributed by the depositary to holders of Aspen Digital Tokens). However, there can be no assurance that we will pay distributions at a specific rate or at all. Since our private offering of Aspen Digital Tokens in October 2018, we have made three distributions: $0.03 per Aspen Digital Token in July 2019, $0.03 per Aspen Digital Token in November 2019 and $0.0667 per Aspen Digital Token in March 2020.

All distributions we make on shares of our common stock will be determined by our board of directors in its sole discretion out of funds legally available therefor and will depend upon a number

of factors, including our actual and anticipated results of operations, cash flows and financial position, economic or market conditions, prohibitions or other restrictions under financing agreements, applicable law, and other factors described herein. Our results of operations, cash flows and financial position will be affected by a number of factors, including the revenue we receive from the St. Regis Aspen Resort, interest expense and any unanticipated expenditures.

REIT Qualification

A company that qualifies to be taxed as a real estate investment trust ("**REIT**") under the Internal Revenue Code of 1986, as amended (the "**Code**"), generally will not be subject to U.S. federal income tax on income and gains distributed to its stockholders. In order to qualify to be taxed as a REIT under the Code, a company must meet, on an ongoing basis, various tests regarding the nature and diversification of its assets and income, the diversity of ownership of its outstanding shares and the amount of its distributions. One such test requires that not more than 50% of the value of a company's outstanding shares of stock may be owned, directly or constructively, applying certain attribution rules under the Code, by five or fewer individuals (as defined in the Code to include certain entities) during the last half of a taxable year (other than the first taxable year for which such company makes an election to be taxed as a REIT) (the "**closely held test**"). For U.S. federal income tax purposes, we intend to treat tokenholders as owning the shares ofour common stock deposited with the depositary and represented by the Aspen Digital Tokens.

Currently, certain members of our management team and their affiliates, which represents less than five individuals for purposes of the closely held test, collectively own more than 50% of the outstanding Aspen Digital Tokens. As a result, we currently would not be able to satisfy the closely held test to the extent we were required to satisfy such test at this time. Therefore, we have not elected to be taxed as a REIT under Sections 856 through 860 of the Code and will be taxed as a C corporation until a time we may determine to make a REIT election, if at all. We currently are required to pay U.S. federal income tax on our taxable income at regular corporate rates, and distributions to our stockholders are not deductible by us in determining our taxable income. We might need to borrow money, sell assets, or reduce or even cease making distributions to pay such taxes. Our payment of income tax will reduce significantly the amount of available cash to be distributed to our stockholders.

To ensure that the members of our management team and their affiliates who own Aspen Digital Tokens are not in violation of the ownership limits set forth in our charter, we have elected to defer the initial date for which such limits will apply to July 1st of the taxable year after the initial taxable year for which our board of directors determines to make a REIT election. However, there is no assurance that we will be able to meet the closely held test (or any other REIT qualification test) in the future and therefore we may never be able to make a REIT election.

Regulatory Considerations

Generally, hotel properties are subject to various laws, ordinances and regulations, including those relating to public accommodations, insurance, and the environment. Changes in any of these laws, ordinances or regulations could increase the potential liability existing or created by those on our property. Laws, ordinances, or regulations affecting development, construction, operation, upkeep, safety and taxation requirements may result in significant unanticipated expenditures, loss

of our property or other impairments to operations, which would adversely affect our cash flows from operating activities.

Under the American Disabilities Act of 1990 (the "**ADA**"), all places of public accommodation are required to meet certain federal requirements related to access and use by disabled persons. These requirements became effective in 1992. A number of additional U.S. federal, state and local laws also exist that may require modifications to a property, or restrict certain further renovations thereof, with respect to access thereto by disabled persons. Noncompliance with the ADA could result in the imposition of fines or an award of damages to private litigants and also could result in an order to correct any non-complying feature, and in substantial capital expenditures. To the extent our property is not in compliance, we are likely to incur additional costs to comply with the ADA.

Insurance activities are subject to state insurance laws and regulations as determined by the particular insurance commissioner for each state in accordance with the McCarran-Ferguson Act, as well as subject to the Gramm-Leach-Bliley Act and the privacy regulations promulgated by the Federal Trade Commission pursuant thereto. For a description of our insurance coverage, see below under "—Insurance." Under the Comprehensive Environmental Response Compensation and Liability Act of 1980, as amended ("**CERCLA**"), and comparable state laws, we may be required to investigate and remediate regulated hazardous materials at our property. CERCLA and comparable state laws typically impose strict joint and several liabilities without regard to whether a company knew of or caused the release of hazardous substances. The liability for the entire cost of clean-up could be imposed upon any responsible party. For further description of environmental matters, see below under "—Environmental Matters."

Property management activities are often subject to state real estate brokerage laws and regulations as determined by the particular real estate commission for each state.

Changes in any of the laws governing our conduct could have an adverse impact on our ability to conduct our business or could materially affect our financial position, operating income, expense or cash flow.

Insurance

We believe that the St. Regis Aspen Resort is covered by adequate fire, flood, earthquake, wind (as deemed necessary or as required by our lenders) and property insurance as well as commercial liability insurance provided by reputable companies and with commercially reasonable deductibles and limits. Furthermore, we believe our businesses and business assets are likewise adequately insured against casualty loss and third-party liabilities. In addition, we have a $5.0 million "key person" life insurance policy on Mr. De Baets.

Environmental Matters

Pursuant to U.S. federal, state and local environmental laws and regulations, a current or previous owner or operator of real property may be required to investigate, remove and/or remediate a release of hazardous substances or other regulated materials at or emanating from such property. Further, under certain circumstances, such owners or operators of real property may be held liable for property damage, personal injury and/or natural resource damage resulting from or arising in

connection with such releases. Certain of these laws have been interpreted to be joint and several unless the harm is divisible and there is a reasonable basis for allocation of responsibility. The failure to properly remediate the property may also adversely affect the owner's ability to lease, sell or rent the property or to borrow, using the property as collateral.

In connection with the ownership, operation and management of our property and any properties that we may acquire and/or manage in the future, we could be legally responsible for environmental liabilities or costs relating to a release of hazardous substances or other regulated materials at or emanating from such property. In order to assess the potential for such liability, we conducted an environmental assessment of the St. Regis Aspen Resort prior to acquisition, and manage the St. Regis Aspen Resort in accordance with environmental laws. We have engaged qualified, reputable and adequately insured environmental consulting firms to perform environmental site assessments and are not aware of any environmental issues that are expected to have a material impact on the operations of the St. Regis Aspen Resort.

Legal Proceedings

We are not currently subject to any legal proceedings that we consider to be material.

COVID-19 Impact

On March 11, 2020, the World Health Organization declared the novel coronavirus ("**COVID-19**") as a pandemic, and on March 13, 2020 the United States declared a national emergency with respect to COVID-19. The outbreak of the COVID-19 pandemic has severely impacted global economic activity and caused significant volatility and negative pressure in financial markets. The global impact of the outbreak has been rapidly evolving and many countries, including the United States, have reacted by instituting quarantines, mandating business and school closures, requiring restrictions on travel, "shelter-in-place" and/or "stay-at-home" orders, and imposing restrictions on the types of businesses that may continue to operate. Such actions are creating disruption in global supply chains, and adversely impacting a number of industries, such as transportation, hospitality and entertainment.

Following the government mandates and health official recommendations, and after evaluating the cost of running our hotel at low occupancy levels versus closing our hotel, we originally closed our hotel from March 20, 2020 through June 11, 2020. Our Hotel Manager was prompt in taking the necessary steps to reopen with reduced operations. While our hotel was closed, we developed a plan for reopening which focused on the safety of our staff and guests, and reopened our hotel on June 12, 2020. While travel restrictions have slowly eased in some markets and leisure demand began to recover late in the second quarter of 2020, group and business travel are unlikely to rebound quickly. For a summary of our hotel financial performance for the most recent available period, see Exhibit 4. Past performance is no guarantee of future results.

In addition to our focus on reopening our hotel and driving occupancy, we have remained focused on executing expense mitigation measures and shoring up our liquidity position as we continue to face a challenging operating environment. In June 2020, we amended our existing loan agreement to allocate $8 million from the approved capex program under the loan agreement (of which there is a $11,150,000 approved capex amount) to be made available to us as additional working capital

to be drawn upon until June 30, 2021. We also entered into a $3.3 million loan under the Paycheck Protection Program of the recently enacted Coronavirus Aid, Relief, and Economic Security Act administered by the U.S. Small Business Administration, which further enabled us to keep our staff employed during these difficult times. Furthermore, we also paused funding certain hotel reserves (furniture, fixture & equipment (FF&E)) in order to preserve our liquidity position as agreed with the operator and lender to be able to use these reserves as working capital, should the need arises.

The manner in which the ongoing COVID-19 pandemic will be resolved or the manner that the hospitality and tourism industries will return to historical performance norms, and whether the economy will contract or grow are not reasonably predictable. As a result, there can be no assurances that we will be able achieve the hotel operating metrics or the results at our hotel we have forecasted. Factors that might contribute to less-than-anticipated performance include those described under the heading "Risk Related to our Business" below. We will continue to cautiously monitor lodging demand and rates, our hotel manager, and our performance generally.

Risks Related to Our Business

An investment in Aspen Digital Tokens involves a potentially high degree of risk. Before making an investment decision, you should carefully consider all risk factors. If any of the risks discussed below occurs, our business, financial condition, liquidity and results of operations could be materially and adversely affected. If this were to happen, the price of Aspen Digital Tokens could decline significantly and you could lose a part or all of your investment.

- The St. Regis Aspen Resort is our only real estate asset so our business is greatly exposed to the risks associated with that asset.
- We are dependent on our Manager, which is a subsidiary of Elevated Returns, which in turn is wholly owned by Mr. De Baets, our chairman, chief executive officer and president, for our success. We may not be able to find a suitable replacement for our Manager if our management agreement is terminated or if Mr. De Baets is unable for any reason to perform his duties.
- To the extent we make a REIT election in the future, our management has very limited experience operating a REIT and therefore may have difficulty in successfully and profitably operating our business or complying with regulatory requirements.
- We are dependent on the performance of our Hotel Manager and could be materially and adversely affected if our Hotel Manager does not manage the St. Regis Aspen Resort in our best interests.
- The current COVID-19 pandemic has, and will continue to have, adverse effects on our financial condition, results of operations, cash flows and performance for an indeterminate period of time. Future pandemics may also have adverse effects on our financial condition, results of operations, cash flows and performance.
- Adverse economic or other conditions in the specific market in which we do business, and the market more broadly, could negatively affect our occupancy levels and rates and therefore our operating results.

- The "St. Regis" brand is not under our control, and negative publicity related to the St. Regis brand name, or our inability to continue to use the St. Regis brand name, could materially adversely affect our business.
- Our ability to make distributions to our stockholders (and in turn our tokenholders) may be adversely affected by various operating risks common to the lodging industry, including competition, over-building in the Aspen, Colorado market and dependence on business travel and tourism in Aspen, Colorado.
- Competition from other luxury hotels in Aspen, Colorado and alternative lodging companies could have a material adverse effect on our results of operations.
- The St. Regis Aspen Resort may not continue to be a venue chosen for high-profile events.
- There are risks associated with our indebtedness, which is secured by our only asset, the St. Regis Aspen Resort.
- Restrictive covenants in our loan agreements contain provisions limiting (1) our ability to issue shares of our capital stock or Aspen Digital Tokens in the future and (2) transfers of ownership interests by certain holders.
- We could be in default under our loan agreements if the guarantors of our debt fail to meet certain financial covenants.
- Our loan agreements may restrict our ability to make distributions to our stockholders.
- Our loan entered into under the Paycheck Protection Program may not be forgiven or may subject us to challenges and investigations regarding qualification for the loan.
- The cyclical nature of the lodging industry may cause fluctuations in our operating performance, which could have a material adverse effect on us.
- The seasonality of the lodging industry could have a material adverse effect on us.
- Many of our real estate-related costs will not decrease even if revenues from the St. Regis Aspen Resort decrease.
- To the extent we make a REIT election in the future, it may be more difficult for us to fund capital expenditures.
- Increases in interest rates may increase the cost of hedging our interest expense and adversely affect our cash flow and our ability to service our indebtedness and make cash distributions to our stockholders.
- We could become more highly leveraged in the future because our organizational documents contain no limitation on the amount of debt we may incur.
- Disruptions in the financial markets could affect our ability to refinance our existing debt on reasonable terms or at all and have other adverse effects on us.
- Costs associated with complying with the ADA may result in unanticipated expenses.
- Environmental compliance costs and liabilities associated with operating the St. Regis Aspen Resort may affect our results of operations.

- We may become subject to litigation or threatened litigation that may divert management's time and attention, require us to pay damages and expenses or restrict the operation of our business.
- Our business is subject to the risks of fires and other natural catastrophic events and to interruption by man- made problems such as computer viruses or terrorism.
- Future terrorist attacks or changes in terror alert levels could materially and adversely affect our business.
- Uninsured losses or losses in excess of our insurance coverage could adversely affect our financial condition, operating results and cash flow.
- Our common stock may become subject to registration under the Securities Exchange Act of 1934, as amended, if the Company has assets above $10 million and more than 2,000 holders of record of our common stock as of the end of any fiscal year.
- Our operating partnership agreement and Maryland law contain provisions that may delay, defer or prevent a change in control or sale of St. Regis Aspen Resort.
- We may change our business and financing strategies without the consent of our stockholders, which may subject us to different risks.
- Our charter contains provisions that make removal of our directors difficult, which could make it difficult for our stockholders to effect changes to our management.
- We cannot assure our ability to pay dividends in the future.
- Our tokenholders may receive a reduced amount from distributions paid with respect to shares of our common stock deposited with the depositary represented by the Aspen Digital Tokens held by such tokenholders.
- If the deposit agreement is terminated in accordance with its terms, we may not be able to replace the depositary in a timely manner, if at all, which could adversely impact your investment in Aspen Digital Tokens.
- You may not be able to surrender Aspen Digital Tokens for shares of our common stock.
- The potential application of existing regulatory regimes governing blockchain technologies, cryptocurrencies, tokens, such as Aspen Digital tokens, and token offerings is not fully developed and so remains substantially uncertain in many respects. New regulations or policies may materially adversely affect the utility of Aspen Digital Tokens.
- The further development and acceptance of blockchain networks, which are part of a new and rapidly changing industry, as well as blockchain-based assets such as Bitcoin ("**BTC**") and Ether ("**ETH**") are subject to a variety of factors that are difficult to evaluate. The slowing or stopping of the development or acceptance of blockchain networks and blockchain assets would have an adverse material effect on the successful development and adoption of Aspen Digital Tokens.
- The prices of blockchain assets are extremely volatile. Fluctuations in the price of digital assets could materially and adversely affect our business, and Aspen Digital Tokens may also be subject to significant price volatility.

- Blockchain networks utilize code that is subject to change at any time. These changes may have unintended consequences for Aspen Digital Tokens.
- Cyber security threats could result in misappropriation, hacking, infection by malware, or other damage to Aspen Digital Tokens or the blockchain network on which it is issued which could adversely affect an investment in Aspen Digital Tokens.

Cautionary Note Regarding Forward-Looking Statements

Certain statements included herein are forward-looking statements. These forward-looking statements include information about possible or assumed future results of our business, financial condition, liquidity, results of operations, plans and objectives. When we use the words "believe," "expect," "anticipate," "estimate," "plan," "continue," "intend," "should," "may" or similar expressions, we intend to identify forward-looking statements. The forward-looking statements contained herein reflect our current views about future events and are subject to numerous known and unknown risks, uncertainties, assumptions and changes in circumstances that may cause our actual results to differ significantly from those expressed in any forward-looking statement.

EXHIBIT 2

Aspen Digital, Inc.
Management

Our Director and Officers

Our board of directors consists of one director, Mr. De Baets. Our director is elected by the holders of our common stock to serve until the next annual meeting of the holders of our common stock and until his successor is duly elected and qualifies. Holders of Aspen Digital Tokens will not be entitled to vote in the election of directors unless we instruct the depositary to solicit voting instructions from our tokenholders. Our charter and bylaws provide that a majority of the entire board of directors may at any time increase or decrease the number of directors. However, the number of directors may never be less than the minimum number required by the Maryland General Corporation Law, nor more than 15. Our officers serve at the pleasure of our board of directors.

The following sets forth certain information of our officers.

Stephane De Baets, Chief Executive Officer ("CEO"), President and Director

Mr. De Baets, our chairman, chief executive officer and president, and the indirect majority owner of our Manager, has over 20 years of experience in asset management, financial structuring and mergers and acquisitions, and has been involved with the St. Regis Aspen Resort since our 315 East Dean acquired an interest in the hotel in 2010. Mr. De Baets has advised companies in both Asia and the United States and has significant experience and professional networks in both the real estate and hospitality industries.

Alex Ho, Secretary, Comptroller and Treasurer

Alex Ho serves as the secretary, comptroller and treasurer of the Company. Mr. Ho has over 15 years of experience in the hospitality and travel management industry. Mr. Ho has served as chief executive officer of Pacific Assets Public Company Limited, a hotel and real estate investment company listed on the Stock Exchange of Thailand.

Management Agreement

We and our operating partnership have entered into a management agreement with our Manager. Pursuant to the terms of the management agreement, our Manager performs certain services for us. Our Manager is subject to the oversight and supervision of our board of directors. Our management agreement does not obligate our Manager or the personnel provided by our Manager to work exclusively for us; however, they are required to devote such time to our management as is necessary and appropriate, commensurate with its level of activity.

The management agreement may be amended or modified by agreement between us and our Manager. The management agreement has an initial term expiring three years after the completion of our private offering we completed in October 2018 and will be renewed for additional one-year terms thereafter unless at least two-thirds of our board of directors, including a majority of our

independent directors, if our board of directors includes independent directors at that time, determines that (1) there has been unsatisfactory performance by our Manager that is materially detrimental to us or (2) the management fees payable to our Manager are not fair, subject to our Manager's right to prevent such termination due to unfair fees by accepting a reduction of management fees agreed to by at least two-thirds of our board of directors, including a majority of our independent directors, if our board of directors includes independent directors at that time. We must provide 180 days' prior written notice of any such termination.

In conjunction with a termination of the management agreement by us, unless the termination is for cause (as defined in the management agreement), we will pay our Manager a termination fee equal to three times the sum of (i) the average annual base management fee and (ii) the average annual incentive fee earned by our Manager, in each case during the 24-month period immediately preceding such termination, calculated as of the end of the most recently completed fiscal quarter before the date of termination. We may also terminate the management agreement at any time, including during the initial term, without the payment of any termination fee, with at least 30 days' prior written notice from our board of directors for cause (as defined in the management agreement). Our Manager may terminate the management agreement if we or any of our subsidiaries becomes required to register as an investment company under the Investment Company Act of 1940, as amended, with such termination deemed to occur immediately before such event, in which case we would not be required to pay the termination fee. Our Manager may decline to renew the management agreement by providing us with 180 days' prior written notice, in which case we would not be required to pay the termination fee. In addition, if we breach the management agreement in any material respect or are otherwise unable to perform our obligations thereunder and the breach continues for a period of 30 days after written notice to us, our Manager may terminate the management agreement upon 60 days' prior written notice. If the management agreement is terminated by our Manager upon our breach, we would be required to pay our Manager the termination fee described above.

We pay our Manager a base management fee, in cash, payable quarterly in arrears, in an amount equal to 1.5% of our stockholders' equity (as defined in the management agreement). The base management fee will be reduced by any of our expenses paid by us directly or reimbursed to our Manager that quarter; provided, however, that the base management fee payable with respect to any calendar quarter shall never be less than $0. The base management fee is payable independent of our performance. Our Manager is also be eligible to receive an incentive fee in an amount equal to the excess of (i) the product of (a) 20.0% and (b) the excess of (1) our Core Earnings for the previous 12-month period, over (2) the product of (A) our stockholders' equity in the previous 12-month period and (B) 7.0% per annum, over (ii) the sum of any incentive fees paid to our Manager with respect to the first three calendar quarters of such previous 12-month period. We also pay all operating expenses, except those specifically required to be borne by our Manager under the management agreement.

Hotel Management Agreement

We lease the St. Regis Aspen Resort to our TRS, which in turn engages our Hotel Manager to manage the St. Regis Aspen Resort. The St. Regis Aspen Resort is operated pursuant to an operating agreement with our Hotel Manager, (the "hotel management agreement"). Our hotel management agreement has an initial term of 30 years, ending on December 31, 2040. Our Hotel

Manager has the right to extend the term twice for a period of 10 years each, provided our Hotel Manager gives us 360 days' notice. Our Hotel Manager receives a base management fee and is also eligible to receive an incentive management fee. The base management fee is calculated as a percentage of the St. Regis Aspen Resort's operating revenues, but in no event is the base management fee less than $500,000 per year, and the incentive management fee is calculated as a percentage of the St. Regis Aspen Resort's operating profits. Our Hotel Manager is also entitled to reimbursement of certain expenses. We and our Hotel Manager may terminate our hotel management agreement under certain circumstances specified in our hotel management agreement.

EXHIBIT 3

Description of Securities

The following summary description of securities does not purport to be complete and is subject to and qualified in its entirety by reference to the Maryland General Corporation Law ("**MGCL**") and to our charter and our bylaws, and the deposit agreement. Copies of our charter, bylaws and the deposit agreement shall be made available by the Company upon request by a potential purchaser.

Overview

In connection with our private offering that was completed in October 2018, the Company deposited with and registered in the name of the depositary, a number of shares of our common stock equal to the number of Aspen Digital Tokens sold in our private offering. In accordance with the terms of the deposit agreement, each Aspen Digital Token represents an indirect ownership interest in one deposited share of our common stock. As of December 31, 2019, 18,000,000 shares of our common stock were deposited with the depositary and 18,000,000 Aspen Digital Tokens were issued and outstanding.

Description of Our Capital Stock

General

Our charter provides that we may issue up to 450,000,000,000 shares of common stock, $0.0001 par value per share, and up to 50,000,000,000 shares of preferred stock, $0.0001 par value per share. Our charter authorizes our board of directors to amend our charter to increase or decrease the aggregate number of shares of stock or the number of shares of stock of any class or series that we are authorized to issue with the approval of a majority of our entire board of directors and without stockholder approval. Under Maryland law, our stockholders are not generally liable for our debts or obligations solely by reason of their status as stockholders. As of December 31, 2019, we had 18,000,000 shares of common stock issued and outstanding, and 125 shares of preferred stock issued and outstanding.

Shares of Our Common Stock

All of the shares of our common stock deposited with the depositary have been duly authorized, validly issued, fully paid and nonassessable. Subject to the preferential rights, if any, of holders of any other class or series of our stock, classified now or in the future, and to the provisions of our charter regarding the restrictions on ownership and transfer of our stock, holders of outstanding shares of our common stock are entitled to receive dividends on such shares of our common stock out of assets legally available therefor if, as and when authorized by our board of directors and declared by us, and are entitled to share ratably in our assets legally available for distribution to our stockholders in the event of our liquidation, dissolution or winding up after payment of or adequate provision for all our known debts and liabilities. Distributions to holders of our common stock shall be made in cash or shares of our common stock. However, there can be no assurance that we will pay distributions at a specific rate or at all.

Subject to the provisions of our charter regarding the restrictions on ownership and transfer of our common stock and except as may otherwise be specified in the terms of any class or series of stock classified in the future, each outstanding share of our common stock entitles the holder to one vote on all matters submitted to a vote of stockholders, including the election of directors, and the holders of shares of our common stock will possess the exclusive voting power. A plurality of the votes cast in the election of directors is sufficient to elect a director and there is no cumulative voting in the election of directors, which means that the holders of a majority of the outstanding shares of our common stock generally can elect all of the directors then standing for election, and the holders of the remaining shares will not be able to elect any directors.

Holders of shares of our common stock have no preference, conversion, exchange, sinking fund, redemption or appraisal rights (unless otherwise determined by our board of directors) and have no preemptive rights to subscribe for any securities of the Company. Subject to the provisions of our charter regarding the restrictions on ownership and transfer of our stock, shares of our common stock will have equal dividend, liquidation and other rights.

Under the MGCL, a Maryland corporation generally cannot dissolve, amend its charter, merge or consolidate with or convert into another entity, sell all or substantially all of its assets or engage in a statutory share exchange unless the action is advised by its board of directors and approved by the affirmative vote of stockholders entitled to cast at least two-thirds of the votes entitled to be cast on the matter, unless a lesser percentage (but not less than a majority of all of the votes entitled to be cast on the matter) is specified in the corporation's charter. Our charter provides that these actions may be approved by a majority of all of the votes entitled to be cast on the matter, except that certain amendments to the provisions of our charter related to the removal of directors and the restrictions on ownership and transfer of our stock, and the vote required to amend such provisions, must be approved by the affirmative vote of stockholders entitled to cast at least two-thirds of all the votes entitled to be cast on the amendment. Maryland law also permits a Maryland corporation to transfer all or substantially all of its assets without the approval of the stockholders of the corporation if all of the equity interests of the transferee entity are owned, directly or indirectly, by the corporation. Because substantially all of our assets will be held by our operating partnership or its subsidiaries, these subsidiaries may be able to merge or transfer all or substantially all of their assets without the approval of our stockholders.

Power to Reclassify Our Unissued Shares of Stock

Our charter authorizes our board of directors to classify and reclassify any unissued shares of our common or preferred stock into other classes or series of stock, including one or more classes or series of stock that have priority with respect to voting rights, dividends or upon liquidation over our common stock, and authorizes us to issue the newly classified shares. Prior to the issuance of shares of each new class or series, our board of directors is required by Maryland law and by our charter to set, subject to the provisions of our charter regarding the restrictions on ownership and transfer of our stock, the preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications and terms and conditions of redemption for each class or series. Our board of directors may take these actions without stockholder approval unless stockholder approval is required by the terms of any class or series of our stock or the rules of any stock exchange or automatic quotation system on which our securities may be listed or traded. Therefore, our board of directors could authorize the issuance of shares

of common or preferred stock with terms and conditions that could have the effect of delaying, deferring or preventing a change in control or other transaction that might involve a premium price for shares of our common stock or otherwise be in the best interest of our stockholders. No shares of preferred stock are presently outstanding, and we have no present plans to issue any shares of preferred stock.

Power to Increase or Decrease Authorized Shares of Stock and Issue Additional Shares of Common and Preferred Stock

We believe that the power of our board of directors to amend our charter to increase or decrease the number of authorized shares of our stock, to authorize us to issue additional shares of common or preferred stock and to classify or reclassify unissued shares of common or preferred stock and thereafter to authorize us to issue such classified or reclassified shares of stock will provide us with increased flexibility in structuring possible future financings and acquisitions and in meeting other needs that might arise. The additional classes or series, as well as the additional shares of our stock, will be available for issuance without further action by our stockholders, unless such approval is required by the terms of any class or series of our stock or the rules of any stock exchange or automated quotation system on which our securities may be listed or traded. Although our board of directors does not currently intend to do so, it could authorize us to issue a class or series of stock that could, depending upon the terms of the particular class or series, delay, defer or prevent a change in control or other transaction that might involve a premium price for shares of our common stock or otherwise be in the best interest of our stockholders.

Restrictions on Ownership and Transfer Relating to REIT Qualification

We currently have not elected to be taxed as a REIT under Sections 856 through 860 of the Code and there is no assurance that our board of directors will determine to make a REIT election in the future.

In order for us to qualify to be taxed as a REIT under the Code, shares of our stock must be owned by 100 or more persons during at least 335 days of a taxable year of 12 months (other than the first year for which an election to be a REIT has been made) or during a proportionate part of a shorter taxable year. Also, not more than 50% of the value of the outstanding shares of our stock may be owned, directly or constructively, by five or fewer individuals (as defined in the Code to include certain entities) during the last half of a taxable year (other than the first year for which an election to be a REIT has been made). For U.S. federal income tax purposes, we intend to treat tokenholders as owning the shares of our common stock deposited with the depositary and represented by the Aspen Digital Tokens. To qualify to be taxed as a REIT, we must satisfy other requirements as well.

Our charter contains restrictions on the ownership and transfer of our stock (as described below), which we have elected to defer the initial date for which such limits will apply to July 1st of the taxable year after the initial taxable year for which our board of directors determines to make a REIT election. The relevant sections of our charter provide that, subject to the exceptions described below, no person or entity may own, or be deemed to own, by virtue of the applicable constructive ownership provisions of the Code, more than 9.8% by value or number of shares, whichever is more restrictive, of the outstanding shares of our common stock, the outstanding

shares of any class or series of our preferred stock, or the aggregate outstanding shares of all classes and series of our capital stock. We refer to these limits collectively as the "**ownership limit**." An individual or entity that becomes subject to the ownership limit or any of the other restrictions on ownership and transfer of our stock described below is referred to as a "prohibited owner" if, had the violative transfer or other event been effective, the individual or entity would have been a beneficial or constructive owner or, if appropriate, a record owner of shares of our stock in violation of the ownership limit or other restriction.

The constructive ownership rules under the Code are complex and may cause shares of stock actually owned by a group of related individuals and/or entities to be owned beneficially or constructively by one individual or entity. As a result, the acquisition of less than 9.8% by value or number of shares, whichever is more restrictive, of the outstanding shares of our common stock, the outstanding shares of any class or series of our preferred stock or the aggregate outstanding shares of all classes and series of our capital stock (or the acquisition of an interest in an entity that owns beneficially or constructively, shares of our stock by an individual or entity), could, nevertheless, cause that individual or entity, or another individual or entity, to own beneficially or constructively in excess of the ownership limit.

Our board of directors may, in its sole discretion, subject to such conditions and the receipt of such representations and undertakings as it may require, prospectively or retroactively, waive all or any component of the ownership limit or establish a different limit on ownership, or excepted holder limit, for a particular stockholder if the stockholder's ownership in excess of the ownership limit would not result in our being "closely held" within the meaning of Section 856(h) of the Code (without regard to whether the ownership interest is held during the last half of a taxable year) or otherwise failing to qualify to be taxed as a REIT. As a condition of its waiver or grant of an excepted holder limit, our board of directors may, but is not required to, require an opinion of counsel or IRS ruling satisfactory to our board of directors in order to determine or ensure our qualification as a REIT.

Our board of directors has exempted the depositary from the ownership limits, but that waiver does not extend to persons who beneficially own shares of our common stock held by the depositary, including owners of Aspen Digital Tokens. As a result, the ownership of Aspen Digital Tokens may cause shares of our common stock held by the depositary to be beneficially owned or constructively owned by a tokenholder in violation of the ownership limits or the other restrictions on ownership and transfer of our stock set forth in our charter and, as a result, shares of our common stock attributable to Aspen Digital Tokens held by such tokenholder may be transferred to a charitable trust as described below. The deposit agreement will give us the authority to direct the depositary to take action against any tokenholder if we determine such action is necessary to enforce our ownership limit or any other restriction on ownership or transfer of our capital stock set forth in our charter.

In connection with granting a waiver of the ownership limit, creating an excepted holder limit or at any other time, our board of directors may from time to time increase or decrease the ownership limit or any component thereof for all other persons and entities unless, after giving effect to such increase, we would be "closely held" within the meaning of Section 856(h) of the Code (without regard to whether the ownership interest is held during the last half of a taxable year), or we would otherwise fail to qualify to be taxed as a REIT. Prior to the modification of the ownership limit,

our board of directors may require such opinions of counsel, affidavits, undertakings or agreements as it may deem necessary or advisable in order to determine or ensure our qualification as a REIT. A reduced ownership limit will not apply to any person or entity whose percentage ownership of our common stock, preferred stock of any class or series, or stock of all classes and series, as applicable, is in excess of such decreased ownership limit until such time as such person's or entity's percentage ownership of our common stock, preferred stock of any class or series, or stock of all classes and series, as applicable, equals or falls below the decreased ownership limit, but any further acquisition of shares of our common stock, preferred stock or stock of any class or series, as applicable, in excess of such percentage ownership of our common stock, preferred stock or stock of all classes and series will be in violation of the ownership limit.

Our charter further prohibits:

- any person from beneficially or constructively owning, applying certain attribution rules of the Code, shares of our stock that would result in our being "closely held" under Section 856(h) of the Code (without regard to whether the ownership interest is held during the last half of a taxable year) or otherwise cause us to fail to qualify to be taxed as a REIT;
- any person from beneficially or constructively owning shares of our stock that would cause any hotel manager, including Starwood, to fail to qualify as an "eligible independent contractor" that operates a "qualified lodging facility" as such terms are defined in Section 856(d)(9)(A) and Section 856(d)(9)(D) of the Code, respectively, on behalf of our TRS lessee; and
- any person from transferring shares of our stock if such transfer would result in shares of our stock being owned by fewer than 100 persons (determined without reference to any rules of attribution).

Any person who acquires or attempts or intends to acquire beneficial or constructive ownership of shares of our stock, which includes ownership of Aspen Digital Tokens, that will or may violate the ownership limit or any of the other foregoing restrictions on ownership and transfer of our stock, or who would have owned shares of our stock transferred to a trust as described below, must immediately give us written notice of the event, or in the case of an attempted or proposed transaction, must give at least 15 days prior written notice to us and provide us with such other information as we may request in order to determine the effect of such transfer on our qualification as a REIT. The foregoing restrictions on ownership and transfer of our stock will not apply, in whole or in part, if our board of directors determines that it is no longer in our best interests to attempt to qualify, or to continue to qualify, as a REIT or that compliance with any such restriction or limitation is no longer required in order for us to qualify to be taxed as a REIT.

If any transfer of shares of our stock would result in shares of our stock being beneficially owned by fewer than 100 persons, such transfer will be null and void and the intended transferee will acquire no rights in such shares. In addition, if any purported transfer of shares of our stock or any other event would otherwise result in any person violating the ownership limit or an excepted holder limit established by our board of directors or in our being "closely held" under Section 856(h) of the Code (without regard to whether the ownership interest is held during the last half of a taxable year) or otherwise failing to qualify to be taxed as a REIT, then that number of shares

(rounded up to the nearest whole share) that would cause us to violate such restrictions will be automatically transferred to, and held by, a trust for the exclusive benefit of one or more charitable organizations selected by us and the intended transferee will acquire no rights in such shares. The automatic transfer will be effective as of the close of business on the business day prior to the date of the violative transfer or other event that results in a transfer to the trust. If the transfer to the trust as described above is not automatically effective, for any reason, to prevent violation of the applicable ownership limit or our being "closely held" under Section 856(h) of the Code (without regard to whether the ownership interest is held during the last half of a taxable year) or otherwise failing to qualify to be taxed as a REIT, then our charter provides that the transfer of the shares will be null and void and the intended transferee will acquire no rights in such shares.

Shares of stock transferred to the trust are deemed offered for sale to us, or our designee, at a price per share equal to the lesser of (i) the price paid by the prohibited owner for the shares (or, if the event that resulted in the transfer to the trust did not involve a purchase of such shares at market price (as defined in our charter), the market price of such shares on the day of the event that resulted in the transfer of such shares to the trust) and (ii) the market price per share on the date we accept, or our designee accepts, the offer. We may reduce the amount payable by the amount of any dividend or other distribution that we have paid to the prohibited owner before we discovered that the shares had been automatically transferred to the trust and that are then owed to the trustee as described below, and we may pay the amount of any such reduction to the trustee for the benefit of the charitable beneficiary. We have the right to accept such offer until the trustee has sold the shares of our stock held in the trust as discussed below. Upon a sale to us, the interest of the charitable beneficiary in the shares sold terminates, the trustee must distribute the net proceeds of the sale to the prohibited owner and pay any dividends or other distributions held by the trustee with respect to such shares of stock to the charitable beneficiary.

If we do not buy the shares, the trustee must, within 20 days of receiving notice from us of the transfer of shares to the trust, sell the shares to a person or entity designated by the trustee who could own the shares without violating the ownership limit or the other restrictions on ownership and transfer of our stock. After the sale of the shares, the interest of the charitable beneficiary in the shares transferred to the trust will terminate and the trustee must distribute to the prohibited owner an amount equal to the lesser of (i) the price paid by the prohibited owner for the shares (or, if the event that resulted in the transfer to the trust did not involve a purchase of such shares at market price, the market price of such shares on the day of the event that resulted in the transfer of such shares to the trust) and (ii) the sales proceeds (net of commissions and other expenses of sale) received by the trust for the shares. The trustee may reduce the amount payable to the prohibited owner by the amount of any dividends or other distributions that we paid to the prohibited owner before we discovered that the shares had been automatically transferred to the trust and that are then owed to the trust as described above. Any net sales proceeds in excess of the amount payable to the prohibited owner must be immediately paid to the charitable beneficiary of the trust, together with other amounts held by the trustee with respect to such shares. In addition, if, prior to discovery by us that shares of stock have been transferred to the trust, such shares of stock are sold by a prohibited owner, then such shares will be deemed to have been sold on behalf of the trust and, to the extent that the prohibited owner received an amount for or in respect of such shares that exceeds the amount that such prohibited owner was entitled to receive, such excess amount must be paid to the trustee upon demand, for distribution to the charitable beneficiary. The prohibited owner has no rights in the shares held by the trust.

The trustee will be designated by us and must be unaffiliated with us and with any prohibited owner. Prior to the sale of any shares by the trust, the trustee will receive, in trust for the charitable beneficiary of the trust, all dividends and other distributions paid by us with respect to the shares held in trust and may also exercise all voting rights with respect to the shares held in trust. These rights will be exercised for the exclusive benefit of the charitable beneficiary of the trust. Any dividend or other distribution paid prior to our discovery that shares of stock have been transferred to the trust must be paid by the recipient to the trust upon demand.

Subject to Maryland law, effective as of the date that the shares have been transferred to the trust, the trustee will have the authority, at the trustee's sole discretion:

- to rescind as void any vote cast by a prohibited owner prior to our discovery that the shares have been transferred to the trust; and
- to recast the vote in accordance with the desires of the trustee acting for the benefit of the beneficiary of the trust.

However, if we have already taken irreversible corporate action, then the trustee may not rescind and recast the vote.

In addition, if our board of directors determines that a proposed transfer or other event would violate the restrictions on ownership and transfer of our stock set forth in our charter, our board of directors may take such action as it deems necessary or advisable to refuse to give effect to or to prevent such transfer, including, but not limited to, causing us to redeem the shares of stock, refusing to give effect to the transfer on our books or instituting proceedings to enjoin the transfer or, in the case of transfers of Aspen Digital Tokens, directing the depositary to take similar or other necessary actions.

Every owner of 5% or more (or such lower percentage as required by the Code or the regulations promulgated thereunder) of our stock, within 30 days after the end of each taxable year, must give us written notice, stating the stockholder's name and address, the number of shares of each class and series of our stock that the stockholder beneficially owns and a description of the manner in which the shares are held. Each such owner must provide to us in writing such additional information as we may request in order to determine the effect, if any, of the stockholder's beneficial ownership on our qualification as a REIT and to ensure compliance with the ownership limit. In addition, each stockholder must provide to us in writing such information as we may request in good faith in order to determine our qualification as a REIT and to comply with the requirements of any taxing authority or governmental authority or to determine such compliance.

Aspen Digital Tokens

General

As of December 31, 2019, 18,000,000 shares of our common stock were deposited with the depositary and 18,000,000 Aspen Digital Tokens were issued and outstanding.

Voting with Respect to Deposited Shares of our Common Stock

The depositary will, if requested in writing or by electronic transmission by the Company in connection with any matter submitted for approval by the holders of our common stock, mail or electronically transmit to all of our tokenholders (as soon as practical after such request is made by the Company) a notice containing (a) the information included in the Company's notice of meeting received by the depositary from the Company with respect to such matter and (b) a statement that our tokenholders as of the close of business on a specified record date will be entitled, subject to any applicable provision of Maryland law or the Company's charter and bylaws, to instruct the depositary as to the exercise of the voting rights, if any, pertaining to the number of shares of our common stock equal to the number of Aspen Digital Tokens held by them as of the close of business on the record date established for such meeting. If, prior to the date established by the depositary for such purpose and in accordance with such procedures as the depositary may require, the depositary receives voting instructions from one of our tokenholders (who was a tokenholder as of the close of business on such record date), it is expected that the depository will endeavor to vote in accordance with those instructions, insofar as it is practicable and permissible under the provisions of or governing our common stock.

If the Company instructs (a) the depository not to solicit voting instructions from our tokenholders or (b) the depositary to solicit voting instructions from our tokenholders as set forth in the preceding paragraph and the depositary does not receive voting instructions from one or more of our tokenholders by the specified date, the depositary will not give a discretionary proxy in the manner specified by the Company's board of directors under certain circumstances.

There can be no assurance that our tokenholders generally or any of our tokenholders in particular will receive the notice described in the preceding paragraph on any matter submitted to the vote of our common stockholders generally or that such notice will be sent sufficiently prior to the date established by the depositary for the receipt of instructions to ensure that the depositary will in fact receive such instructions on or before such date. In addition, the depositary will not be responsible for any failure to carry out any instructions to vote shares of our common stock, or for the manner in which any vote is cast or the effect of any vote, provided that the depositary's action or non-action is in good faith.

Holders of Aspen Digital Tokens will not have any right to vote on any matter submitted to the holders of our common stock for approval unless the Company requests the depositary to solicit voting instructions from our tokenholders. If the Company does not instruct the depositary to solicit voting instructions from our tokenholders with respect to any matter submitted to the holders of our common stock for approval, the depositary will give a discretionary proxy to a person designated by our board of directors, including a majority of the independent directors then in office, to vote the shares of our common stock held by the depositary.

Distributions

Distributions of cash dividends received from the Company

With respect to any cash dividends or other cash distributions paid in respect of the deposited shares of our common stock, the depositary will, as a service to our tokenholders, arrange for the cash distributions (net of any fees of the depositary) to be converted into an established cryptocurrency, which may include BTC or ETH, and then for such cryptocurrency to be delivered (in lieu of such cash distributions) to such tokenholders in proportion to the number of Aspen Digital Tokens held by each such tokenholder representing the number of shares of our common stock held by the depositary. It is expected that if a conversion of U.S. dollars to a designated cryptocurrency is not permissible or practicable with respect to a tokenholder (including, but not limited to, the failure of a tokenholder to provide the depositary with a valid digital wallet address), the depositary may distribute U.S. dollars to such tokenholder. At the election of a tokenholder, cash distributions received by the depositary in respect of the shares of our common stock equal to the number of Aspen Digital Tokens held by such tokenholder may be distributed in cash, payable in U.S. dollars, to such tokenholder, to the extent is commercially feasible for the depositary to do so. Such distributions paid to our tokenholders may be reduced, if applicable, by any fees for conversion, any fees and expenses of the depositary or any taxes or any other governmental charges. Any such purchase is expected to be arranged at the then prevailing spot or market rate of the selected cryptocurrency, as of the date of the purchase. Tokenholders may elect to receive cash in lieu of receiving cryptocurrency as set forth above by providing written notice or notice by electronic transmission and other information to the depositary in accordance with procedures published from time to time by the depositary.

Distributions of shares from the Company

With respect to any distributions of shares of our common stock paid in respect of the deposited shares of our common stock, the depositary will, if the Company so requests, deliver, as promptly as practicable, to a tokenholder, Aspen Digital Tokens representing such shares of our common stock distributions received by the depositary in respect of the shares of our common stock equal to the number of Aspen Digital Tokens held by such tokenholder, net of any applicable fees and expenses of the depositary and any taxes or other governmental charges. Each holder of Aspen Digital Tokens so distributed will be deemed to have acknowledged that the Aspen Digital Tokens have not been registered under the Securities Act of 1933, as amended (the "**Securities Act**"), and to have agreed to comply with restrictions on transfer under the securities laws.

Other Distributions from the Company

With respect to any distributions other than cash or shares of our common stock paid in respect of the deposited shares of our common stock, the depositary will, as promptly as practicable, after consultation with the Company to the extent practicable, cause the securities or property received by it to be distributed to our tokenholders entitled thereto, after deduction or upon payment of any fees and expenses of the depositary or any taxes or other governmental charges, in proportion to their holdings, respectively, in any manner that the depositary may deem equitable and practicable for accomplishing such distribution; provided, however, that if in the reasonable opinion of the depositary such distribution cannot be made proportionately among our tokenholders entitled thereto, or if for any other reason (including any requirement that the Company or the depositary

withhold an amount on account of taxes or other governmental changes or that such securities must be registered under the Securities Act in order to be distributed) the depositary reasonably deems such distribution not to be feasible, the depositary may adopt such method as it may reasonably deem equitable and practicable for the purpose of effecting such distribution, including the sale (at public or private sale) of the securities or property thus received, or any part thereof, and the net proceeds of any such sale will be distributed, as promptly as practicable, by the depositary to our tokenholders entitled thereto as in the case of a distribution received in cash. The depositary may withhold any such distribution of securities if it has not received satisfactory assurances from the Company that such distribution does not require registration under the Securities Act.

Upon any change in nominal or par value, split up, consolidation or any other reclassification of the deposited shares of our common stock, or upon any recapitalization, reorganization, merger or consolidation or sale of assets affecting the Company or to which the Company is a party, any securities that are received by the depositary in exchange for, in conversion of, or in respect of deposited securities will be treated as newly deposited securities under the deposit agreement, and the Aspen Digital Tokens will thenceforth represent, in addition to an ownership interest in the then deposited shares of our common stock, an interest in the new deposited securities so received, unless additional Aspen Digital Tokens are delivered pursuant to the following sentence. In any such case, the depositary may, and will, if the Company so requests, deliver additional Aspen Digital Tokens (including a separate series of Aspen Digital Tokens as determined by the Company) to our tokenholders, or call for the surrender of outstanding Aspen Digital Tokens to be exchanged for new Aspen Digital Tokens specifically describing such new deposited securities.

Record Dates

Whenever any cash dividend or other cash distribution becomes payable or any is made, or whenever, with the consent of the Company, the depositary causes a change in the number of shares of our common stock or other deposited securities that are associated with Aspen Digital Tokens, or whenever the depositary receives a request from us to solicit voting instructions from tokenholders with respect to any matter to be considered as any meeting of holders of shares of our common stock, or whenever the depositary finds it necessary or convenient, the depositary will fix a record date (which will be the same date as, or as near as practicable to, any corresponding record date set by the Company), (a) for the determination of our tokenholders who will be (i) entitled to receive such dividend or distribution, (ii) entitled, if so requested by the depositary, to give instructions for the exercise of voting rights at any such meeting or to receive such notice or solicitation or to otherwise take action, or to exercise the rights of tokenholder with respect to such, or (iii) liable for any fee or charge assessed by the depositary or (b) for fixing the date on or after which each Aspen Digital Token will represent the changed number of shares of our common stock, all subject to the provisions of the deposit agreement.

Ownership and Transfer Restrictions

In general, a person (or persons whose shares are aggregated) who is not an "affiliate" (within the meaning of Rule 144 of the Securities Act) of ours and has not been one of our affiliates at any time during the three months preceding a sale, and who has beneficially owned the "restricted securities" (within the meaning of Rule 144 of the Securities Act) proposed to be sold for at least one year, is entitled to sell his or her securities without regard to the provisions of Rule 144 of the

Securities Act. The ATS does not permit a person (or persons whose shares are aggregated) who is deemed to be an "affiliate" of ours to trade in the Aspen Digital Tokens on the ATS, and such persons who are deemed to be affiliates of ours and wish to offer, sell or otherwise transfer their Aspen Digital Tokens must do so outside of the ATS pursuant to an available exemption from the registration requirements of the Securities Act (which include Rule 144 of the Securities Act, Section 4(a)(7) of the Securities Act or another available exemption).

As discussed under "-Description of our Capital Stock-Restrictions on Ownership and Transfer Relating to REIT Qualification" above, our charter restricts certain ownership and transfers of capital stock. Each Aspen Digital Token represents an indirect ownership interest in one share of our common stock deposited with the depositary, and, as a result, such restrictions will apply to transfers of Aspen Digital Tokens by our tokenholders. However, we have elected to defer the initial date for which such limits will apply to July 1st of the taxable year after the initial taxable year for which our board of directors determines to make a REIT election. Additionally, the holder of Aspen Digital Tokens by its acceptance will be deemed to have represented and warranted that either (1) no portion of the assets used by such holder to acquire or hold the Aspen Digital Tokens constitutes the assets of an employee benefit plan that is subject to Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), a plan to which section 4975 of the U.S. Internal Revenue Code of 1986, as amended, applies (including an individual retirement account), an entity whose underlying assets are considered to include plan assets of any such employee benefit plan, or plan, a governmental plan (as defined in section 3(32) of ERISA), a church plan (as defined in section 3(33) of ERISA) that has not made an election under section 410(d) of the code, or a non-U.S. plan, or (2)(a) the holder is, or is using, the assets of a governmental plan, a church plan that has not made an election under section 410(d) of the code, or a non-U.S. plan and (b) the acquisition and holding of the Aspen Digital Tokens will not constitute a violation under any applicable provisions under any federal, state, local, non-U.S. or other laws or regulations that regulate such plan's investments.

Deposit, Transfer, and Withdrawal

The deposited shares of our common stock, together with any other securities, cash or other property received by the depositary in respect of the deposited shares, are referred to collectively as "**deposited securities**." The depositary is the holder of record of the deposited securities underlying the Aspen Digital Tokens. Our tokenholders have the rights set forth in the deposit agreement. The deposit agreement also sets out the rights and obligations of the depositary.

Each person owning a beneficial interest in Aspen Digital Tokens must rely upon the procedures of any ATS or other exchange on which such Aspen Digital Tokens may be listed, the depositary, or the Company, as the case may be, to exercise or be entitled to any rights of our tokenholders.

The depositary will accept additional shares of our common stock for deposit with the depositary and to arrange for the issuance to such depositing stockholder an equivalent number of Aspen Digital Tokens.

Our tokenholders shall not have the right to surrender the Aspen Digital Tokens held by them to the depositary for the number of shares of our common stock represented by such Aspen Digital Tokens without the prior consent of the Company. Upon such approval of the Company, holders

of Aspen Digital Tokens may, upon payment of the fees, governmental charges and taxes provided in the deposit agreement, and subject to the terms and conditions of the deposit agreement, the Company's charter and bylaws or similar documents, surrender their Aspen Digital Tokens to the depositary and receive a number of shares of our common stock equal to the number of surrendered Aspen Digital Tokens together with any other deposited securities relating to such shares of our common stock. Notwithstanding the foregoing, no deposited securities may be withdrawn in the manner described in this paragraph unless, at or prior to the time of surrender, the depositary has received a written certificate or a certificate by electronic transmission and agreement by or on behalf of the person surrendering such Aspen Digital Tokens who after withdrawal will own the deposited securities withdrawn, acknowledging that such deposited securities have not been registered under the Securities Act, certifying as to whether or not such deposited securities will remain restricted upon withdrawal and, in the case of deposited securities that will remain restricted, agreeing not to offer, sell, pledge or otherwise transfer such deposited securities except in a transaction that complies with certain restrictions on ownership and transfer.

Charges of Depositary

The depositary will charge fees, pursuant to the terms and conditions of the deposit agreement, to the Company, our tokenholders, and our stockholders, as applicable, for services including but not limited to depositing shares of our common stock, withdrawing shares of our common stock, surrendering Aspen Digital Tokens, receiving Aspen Digital Tokens, or distributing cash or cryptocurrencies (including, without limitation, pursuant to a stock dividend or stock split declared by the Company or an exchange of stock or shares of our common stock or a distribution to our tokenholders with respect to shares of our common stock deposited with the depositary pursuant to the deposit agreement).

Liability of our Tokenholders for Taxes

Our tokenholders will indemnify (i) the depositary for any taxes or governmental charges that become payable by the depositary and (ii) the depositary and the Company for any claims by any governmental authority with respect to taxes. These obligations will survive the transfer of Aspen Digital Tokens, surrender of Aspen Digital Tokens for deposited securities or termination of the deposit agreement.

Resignation and Removal of the Depositary

The depositary may resign at any time (i) by notice to the Company, effective upon the appointment of a successor depositary and the successor depositary's acceptance of such appointment, or (ii) at any time the depositary or one of its affiliates no longer serves as transfer agent for our shares of common stock. The depositary may be removed by the Company upon 60 days' notice, effective upon the later of (i) the 60th day after delivery of the notice or (ii) the appointment of a successor depositary and the successor depositary's acceptance of such appointment. If the depositary resigns or is removed, the Company will use commercially reasonable efforts to appoint a successor depositary.

Amendment and Termination of the Deposit Agreement

The deposit agreement may only be amended by agreement between the Company and the depositary, without the consent of the tokenholders, subject to the provisions in the deposit agreement. Any such amendment will become effective upon delivery of the text of the amendment to the depositary and if the consent of the depositary is required upon the approval of such amendment by the depositary; provided, however, that any amendment that imposes or increases any fees or charges (other than taxes, other governmental charges, delivery and other such expenses), or which otherwise prejudices any substantial existing right of our tokenholders, will not take effect as to outstanding Aspen Digital Tokens until the expiration of 30 days after notice of any amendment has been given to our tokenholders. Notice of any amendment to the deposit agreement shall not need to describe in detail the specific amendments effectuated thereby, and failure to describe the specific amendments in any such notice shall not render such notice invalid, provided, however, that, in each such case, the notice given to the tokenholders identifies a means for tokenholders to retrieve or receive the text of such amendment (i.e. upon retrieval from the depositary's or the Company's website or upon request from the depositary). All of our tokenholders, at the time any amendment so becomes effective will be deemed by continuing to hold such Aspen Digital Token or any interest therein to consent and agree to such amendment and to be bound by the deposit agreement as amended thereby.

The depositary will at any time at the Company's written direction terminate the deposit agreement by mailing notice of such termination to our tokenholders at that time at least 30 days prior to the date fixed in such notice for such termination. The depositary may terminate the deposit agreement by mailing notice of such termination to the Company and our tokenholders at that time if, any time after 60 days have expired after the depositary has delivered to the Company a written notice of its election to resign, a successor depositary has not been appointed and accepted its appointment, in accordance with the terms of the deposit agreement. On or after the date of termination, upon payment by a tokenholder of any fees of the depositary, any applicable taxes or governmental charges, the depositary will deliver to such tokenholder or upon such tokenholder's order, in the sole discretion of the Company, the amount of shares of our common stock represented by Aspen Digital Tokens held by such tokenholder or an amount of a blockchain security to be determined at that time, in each case together with any dividends or other distributions received by the depositary prior to the date of termination with respect to such shares of common stock. Upon delivery of such shares of our common stock or blockchain securities pursuant to the preceding sentence, the depositary will update the records maintained by it to reflect the cancellation of such Aspen Digital Tokens and any rights of such tokenholder with respect to such Aspen Digital Tokens will terminate.

Liability of the Company and Depositary

The Company and depositary will not be subject to any liability under the deposit agreement to tokenholders, except that the Company and depositary agree to perform their obligations under the deposit agreement without gross negligence or willful misconduct. This would include, among other things, the failure of the depositary to carry out any instructions from tokenholders to vote shares of our common stock. The depositary will not be liable for the manner in which any vote is cast or the effect of any vote. The depositary will not be liable for, among other things, the acts or omissions made by, or the insolvency of, any securities depository, clearing agency, settlement

system, blockchain system or blockchain provider. The depositary will generally not be liable for the actions of any custodian for shares of our common stock. It is expected that the depositary will not be liable in connection with the sale of securities. It is expected that the depositary will not have any obligation to inform tokenholders of legal requirements. It is expected that the depositary will not be liable for the tax consequences of tokenholders on account of their ownership or disposition of Aspen Digital Tokens. The depositary will not be liable for certain actions of the Company, including the information the Company submits to the depositary for distribution to the tokenholders or for the failure of timeliness of any notice from the Company. The depositary will not be liable to tokenholders for any indirect, special, punitive or consequential damages or lost profits, regardless of their foreseeability and the type of action in which a claim is brought.

EXHIBIT 4

Consolidated Financial Statements of
Aspen Digital, Inc. and Affiliates (2019);

Consolidated Financial Statements of
Aspen OP, LP and subsidiaries (2018);

Consolidated Financial Statements of
Aspen OP, LP and subsidiaries (2019);

and

St. Regis Aspen Resort
Monthly Financial Report (July, 2020)

See separate attachments.

Aspen Digital Inc. and Affiliates
Consolidated Financial Statements
December 31, 2019

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Independent Auditor's Report

To the Board of Directors of
Aspen Digital, Inc.

Prager Metis CPAs, LLC

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We have audited the consolidated financial statements of Aspen Digital, Inc. and Affiliates which comprise the consolidated balance sheet as of December 31, 2019 and the related consolidated statements of operations, changes in stockholders' equity, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Aspen Digital, Inc. and Affiliates as of December 31, 2019 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 14 to the consolidated financial statements, subsequent to the date of the consolidated financial statements in January 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. Our opinion is not modified with respect to this matter.

Prager Metis CPAs, LLC

Prager Metis CPAs, LLC
New York, New York
August 10, 2020

Aspen Digital, Inc. and Affiliates
Consolidated Balance Sheet
December 31, 2019

Assets	
Current assets	
Cash and cash equivalents	$ 8,851,957
Restricted cash and cash equivalents	2,140,144
Receivables, net	3,003,824
Inventories	453,815
Prepaid expenses and other current assets	996,034
Other receivables	382,723
Total current assets	15,828,497
Non-current assets	
Property and equipment, net	214,796,805
Deposit and other assets	247,249
Deferred tax asset	3,460
Total non-current assets	215,047,514
Total assets	$ 230,876,011
Liabilities and stockholders' equity	
Liabilities	
Current liabilities	
Accounts payable	$ 913,522
Accrued expenses	4,407,203
Advanced deposits	6,278,132
Total current liabilities	11,598,857
Non-current liabilities	
Notes payable	136,827,444
Total liabilities	148,426,301
Stockholders' equity	
Common stock, $0.0001 par value: 18,000,000 shares authorized, issued and outstanding	1,800
Preferred stock, $0.0001 par value: 125 shares authorized, issued and outstanding	1
Additional paid-in capital	16,210,283
Accumulated deficit	(263,453)
Total Aspen Digital Inc. Equity	15,948,631
Noncontrolling Interest	66,501,079
Total stockholders' equity	82,449,710
Total liabilities and stockholders' equity	$ 230,876,011

The accompanying notes are an integral part of these consolidated financial statements.

Revenue	
Rooms	$ 33,582,660
Food and beverage	9,960,044
Other operating departments, rental, and other	6,878,330
Total revenue	50,421,034
Departmental costs and expenses	
Rooms	6,369,554
Food and beverage	7,824,061
Other operating departments, rental, and other	3,716,687
Total departmental costs and expenses, exclusive of depreciation shown below	17,910,302
Departmental income	32,510,732
Operating expenses	
General and administrative	5,286,016
Marketing and promotion	3,611,836
Repairs and maintenance	2,215,028
Corporate expenses	901,413
Utilities	786,464
Management fees – related party	1,410,000
Hotel manager fees	3,330,362
Property taxes	1,442,592
Depreciation and amortization	6,546,958
Total other expenses, net	25,530,669
Operating income	6,980,063
Other (income) expenses	
Interest expense	7,911,646
Total other (income) expenses	7,911,646
Loss before income taxes	(931,583)
Income tax expense	(252,298)
Net loss	$ (679,285)
Net loss attributable to Noncontrolling Interest	$ (415,832)
Net loss attributable to Controlling Interest	$ (263,453)

The accompanying notes are an integral part of these consolidated financial statements.

	Common Stock		Preferred Stock					
	Shares	Amount	Shares	Amount	Additional Paid-in Capital	Accumulated Deficit	Noncontrolling Interest	Total Stockholders' Equity
Balance, January 1, 2019	18,000,000	$ 1,800	-	$ -	$ 17,179,118	$ -	$ 77,414,357	$ 94,595,275
Net loss	-	-	-	-	-	(263,453)	(415,832)	(679,285)
Preferred stock	-	-	125	1	124,999	-	-	125,000
Contributions	-	-	-	-	-	-	5,004	5,004
Distributions	-	-	-	-	(1,093,834)	-	(10,502,450)	(11,596,284)
Balance, December 31, 2019	18,000,000	$ 1,800	125	$ 1	$ 16,210,283	$ (263,453)	$ 66,501,079	$ 82,449,710

The accompanying notes are an integral part of these consolidated financial statements.

Cash flows from operating activities		
Net loss	$	(679,285)
Adjustment to reconcile net loss to net cash provided by operating activities		
Depreciation and amortization		6,546,958
Amortization of deferred loan costs as interest expense		18,140
Change in market value of interest rate cap contracts		104,932
Deferred income taxes		(94,957)
Changes in working capital		
Receivables, net		1,524,287
Inventories		(42,563)
Deposits and other assets		(54,071)
Other receivables		356,663
Prepaid expenses and other current assets		(674,523)
Accounts payable		(592,542)
Accrued expenses		(359,272)
Advance deposits		(342,006)
Income tax payable		(166,326)
Net cash provided by operating activities		5,545,435
Cash flows from investing activities		
Acquisition of property and equipment, net		(1,597,019)
Net cash used in investing activities		(1,597,019)
Cash flows from financing activities		
Proceeds from refinancing of debt, net of payment for debt financing costs		6,809,304
Contributions		5,004
Distributions		(11,596,284)
Issuance of preferred stock		125,000
Net cash used in financing activities		(4,656,976)
Net decrease in cash, cash equivalents and restricted cash		(708,560)
Cash, cash equivalents and restricted cash – beginning of year		11,700,661
Cash, cash equivalents and restricted cash – end of year	$	10,992,101
Cash, cash equivalents and restricted cash consists of		
Cash and cash equivalents	$	8,851,957
Restricted cash and cash equivalents		2,140,144
Cash, cash equivalents and restricted cash at year end	$	10,992,101

Note 1 Nature of Operations

Aspen Digital, Inc. (the "Company"), is a Maryland corporation formed on December 23, 2016. The Company conducts its business through an Umbrella Partnership Real Estate Investment Trust (UPREIT) structure, in which the St. Regis Aspen Resort is wholly-owned indirectly by its operating partnership, Aspen OP, LP. On October 10, 2018 Aspen Digital, Inc. entered an agreement to become the sole general partner of the limited partnership of Aspen OP, LP and has the exclusive power to manage and conduct its operating partnership's business, subject to the limitations described in the operating partnership agreement.

Aspen OP, LP (the "Partnership") was organized on January 16, 2018 in the state of Delaware and through a series of transactions, on October 10, 2018, acquired (the "Asset Acquisition") the St. Regis Aspen Resort (the "Hotel") from East 315 Dean Associates, Inc. ("Predecessor") and began operations.

Hotel Acquisition

The Hotel acquisition consisted of land, building and site improvements. Substantially all of the fair value of the gross assets acquired in the Asset Acquisition were concentrated in a single identifiable group of similar assets and therefore was not considered a business. As such, the Company accounted for this transaction as an asset acquisition. The Company considers a group of similar assets to be tangible assets that are attached to and cannot be physically removed and used separately from another tangible asset without incurring significant cost or significant diminution in utility or fair value. The Company considers similar assets as assets that have a similar nature and risk characteristics.

The Hotel is comprised of 179 guest rooms, food and beverage facilities, meeting space, spa and fitness center, a restaurant and retail outlets. The Hotel's business is seasonal, with operating peaks during the winter and summer seasons.

The Hotel is operated by Sheraton Operating Corporation (the "Hotel Manager") under the terms of a long-term management agreement (the "Agreement").

Note 2 Basis of Preparation

The consolidated financial statements are stated in United States ("U.S.") dollars and have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

The consolidated financial statements and related notes as of December 31, 2019 reflect all purchase accounting adjustments resulting from the Asset Acquisition.

Principles of Consolidation

The financial statements include the accounts of Aspen Digital, Inc. and of Aspen OP, LP, the entity over which it exercises control. Intercompany balances and transactions have been eliminated in consolidation.

Note 3 Summary of Significant Accounting Policies

The consolidated financial statements of Aspen Digital Inc. includes the accounts of Aspen OP LP's wholly-owned subsidiaries: ASPEN TRS OPERATING TENANT, LLC; ASPEN OWNER LLC; and ASPEN MEZZ LLC. as of December 31, 2019. All significant intercompany transactions have been eliminated in consolidation.

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Amounts in-transit from credit card processors are considered cash equivalents because they are both short-term and highly liquid in nature and are typically converted to cash within two days of the sales transaction. There was approximately $673,000 in credit card receivables included in cash and cash equivalents as of December 31, 2019.

Concentration of Credit Risk

A significant portion of the Company's cash and cash equivalents is maintained at various financial institutions in amounts that may exceed federally insured limits of $250,000 per account; however, the Company limits its cash investments to high-quality financial institutions in order to minimize its credit risk. The Company has not experienced any losses and does not believe it is exposed to any significant risk on cash and cash equivalent balances.

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents represents required amounts to be reserved under the terms of the note payable agreement for improvements and real estate taxes under the management agreement.

Restricted cash and cash equivalents as of December 31, 2019 consisted of the following:

Property and equipment reserve – cash equivalent	$ 1,861,587
Real estate tax reserve – cash	278,557
	$ 2,140,144

The property and equipment reserve is classified as a cash equivalent and held at fair value. Refer to Note 7 – *Fair Value of Financial Instruments* for additional information.

Note 3 Summary of Significant Accounting Policies (continued)

Receivables
Accounts receivable is comprised of amounts due from hotel guests and amounts due from individuals or companies for banquets and other events provided by the Hotel. The Company provides an allowance for doubtful accounts, as necessary, for accounts deemed potentially uncollectible. An allowance for doubtful accounts is determined based on the age of the account balances, the creditworthiness of the customer and collection history. Accounts receivable fare charged off when the balance is determined to be uncollectible. Given the short-term nature of receivables, the Company generally does not charge interest on outstanding balances.

Residence Club Receivable
Located on the same lot but separate from the Hotel are certain condominium units owned and operated by a third party (the "Residence Club"). Historically, the Residence Club was owned and operated by the Hotel Manager. In May 2016, the Hotel Manager sold the Residence Club to a third party. The relationship with the Hotel Manager (and, by extension the Residence Club during the time the Hotel Manager owned the Residence Club) is contractual, and while certain rights of authority have been conveyed through the hotel management agreement, the Hotel Manager does not significantly influence the management or operating policies of the Hotel or related party manager.

Under the terms of the hotel management agreement, the Hotel incurs cash expenditures at the direction of the Hotel Manager related to the operations of the Residence Club. The cash expenditures incurred by the Hotel on behalf of the Residence Club include allocated shared payroll costs, food and beverage and other departmental staff, utilities and shared services costs (including laundry, fitness center and transportation) and any direct costs for repairs and maintenance, as applicable, based on the terms outlined within the hotel management agreement. It is the responsibility of the Hotel Manager to provide these services to the Residence Club, and the cash expenditures incurred by the Hotel are subject to reimbursement. Under Accounting Standards Codification ("ASC") Topic 606, *Revenue Recognition*, such transactions are accounted for on a net basis in the capacity as an agent whereby we do not receive any benefit or obligation from the Residence Club, other than the reimbursement of the cash expenditures.

The amounts refunded from the Residence Club approximated $3,585,000, for the year ended December 31, 2019. As of December 31, 2019, $381,000, is included in "Other receivables" on the accompanying consolidated balance sheet.

Fair Value of Financial Instruments
The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under Financial Accounting Standards Board ("FASB") ASC 820 are described as follows:

Note 3 Summary of Significant Accounting Policies (continued)

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Under the standard, "fair value" is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When measuring fair value, an entity considers the characteristics of the asset or liability and if a market participant would consider those characteristics when pricing the asset or liability at the measurement date.

When measuring fair value, an entity is required to maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

As of December 31, 2019 the recorded amount of restricted cash and cash equivalents, receivables, inventories, prepaid expenses and other, other receivables, deposits and other assets, accounts payable, accrued expenses, and advanced deposits approximated fair value because of the short-term nature of the instruments.

Note Payable
The carrying value of the assumed note payable approximated fair value and was valued using a Level 1 input, specifically the borrowing rates available to the Company as of the Asset Acquisition date.

Note 3 Summary of Significant Accounting Policies (continued)

Derivative Instruments

In December 2019, Aspen OP, LP renewed the interest rate cap assumed as of the date of the Asset Acquisition, which as of December 31, 2019, had a notional amount of $150,000,000 to manage the exposure to interest rate movements on the restructured variable-rate debt when one-month LIBOR exceeds 3.0%. The agreement matures in July 2022. As of December 31, 2019, the one month-LIBOR was approximately 1.7%. The fair value as of December 31, 2019 was $29,000.

These derivatives are not designated as a hedge and do not qualify for hedge accounting. Accordingly, changes in fair value of the interest rate cap are recognized as interest expense.

The investment in the interest rate cap is included in “Deposits and other assets” on the accompanying consolidated balance sheet.

Inventories

Inventories consist of food, beverage, and spa gift shop items and are stated at the lower of cost or net realizable value using the first-in, first-out method. Operating stock, which represents items such as china, glassware, silver, and linen is expensed when placed in service.

Property and Equipment

Property and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Significant additions or improvements affecting the costs of the assets are capitalized. All other repair and maintenance costs are recognized in the consolidated statement of operations as incurred.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of operations when the asset is derecognized.

The assets’ residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively, if appropriate.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Category	Term
Building	55 years
Building improvements	25 – 44 years
Furniture, fixtures, and equipment	4 – 7 years

Note 3 Summary of Significant Accounting Policies (continued)

Impairment
The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of the hotel property may not be recoverable. Events or circumstances that may cause a review include, but are not limited to, adverse permanent changes in the demand for lodging at the properties due to declining economic conditions and/or new hotel construction where the hotel is located. When such conditions exist, management performs an analysis to determine if the estimated undiscounted future cash flows from operations and the proceeds from an ultimate disposition of the hotel property exceeds its carrying value. If the estimated undiscounted future cash flows are found to be less than the carrying amount of the asset, an adjustment to reduce the carrying amount to the hotel property's estimated fair market value would be recorded and an impairment loss recognized.

The Company also re-evaluates the periods of depreciation to determine whether subsequent events and circumstances warrant revised estimates of useful lives. As of December 31, 2019, the Company expects these assets to be fully recoverable.

Lending Costs
Lending costs are costs incurred in connection with the Predecessor's debt financings that have been capitalized and amortized as interest expense over the stated maturity period of the related debt, on a straight-line basis, which approximated the effective interest method. As a result of purchase accounting, the fair value of the $1,264,000 unamortized lending costs associated with the assumed debt of the Successor was determined to be zero and was not included as an acquired asset in the Asset Acquisition.

Revenue Recognition
The Company recognizes revenue daily when earned, on the close of each business day, which is at the time rooms, food and beverage, or spa or other services are provided. Amounts received in advance of guest-stays are reflected as "Advance deposits" in the accompanying consolidated balance sheet. Cancellation revenue is recognized at the time the customer cancels the event and receives no future credit or promise of service. Revenues are reported net of occupancy and other taxes collected from customers and remitted to governmental authorities.

The Company leases restaurant and retail space to unaffiliated tenants and a related party. The leases are cancellable by the Company with three to six months' notice and provide for minimum rental increases. For these leases, the aggregate rental income over the lease term is recognized on a straight-line basis over the lease term. The difference between the income receivable in any year and the amount received under the lease during that year is recorded as a deferred rent on the Company's balance sheet and has been included in "Deposit and other assets" on the accompanying consolidated balance sheet, which will reverse over the lease term.

Note 3 Summary of Significant Accounting Policies (continued)

Deferred rent as of December 31, 2019 approximated $74,000 and is included in deposit and other assets on the accompanying consolidated balance sheet. The leases expire at varying dates ranging from August 2019 to October 2023.

The following is a schedule of aggregate future minimum rental income payments required by these leases:

Years Ending December 31,		
2020	$	460,890
2021		435,564
2022		445,651
2023		268,753
	$	1,610,858

Rental income was approximately $293,800 for the year ended December 31, 2019. Refer to Note 12 – *Related Party Transactions* for additional information.

Income Taxes

Deferred tax assets and liabilities are recorded for the estimated future tax effects of temporary differences between the tax basis of assets and liabilities and amounts reported in the accompanying balance sheet, as well as operating loss carry-forward. Deferred tax assets are reduced by a valuation allowance if current evidence indicates that it is considered more likely than not that these benefits will not be realized. The Predecessor and Successor use a recognition threshold and measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For tax benefits to be recognized, a tax position related to the benefit must be more likely than not to be sustained upon examination by taxing authorities.

In examining its tax positions under this standard, all entities in the consolidated financial statements assume their positions will be examined by the appropriate taxing authority and the taxing authority will have full knowledge of all relevant information. The technical merits of the entities' tax positions are derived from sources of authorities in the tax law (legislation and statutes, legislative intent, regulations, rulings, and case law) and their applicability to the facts and circumstances of the tax positions. Past administrative practices and precedents of the taxing authority in its dealings with the entities and similar enterprises that are widely understood have also been taken into account.

Note 3 Summary of Significant Accounting Policies (continued)

Each tax position has been evaluated without consideration of the possibility of offset or aggregation with other positions. Based on this evaluation, no unrecognized tax benefits have been recorded in the accompanying consolidated financial statements. In the event the Company is subject to interest and/or penalties, interest will be included in interest expense and penalties will be classified as income tax expense in the period incurred. No penalties or interest related to uncertain income tax positions have been incurred for the year ended December 31, 2019.

On December 22, 2017, the United States enacted tax reform legislation commonly referred to as the Tax Cuts and Jobs Act ("the Tax Act"). The Tax Act made broad and complex changes to the U.S. tax code, including a reduction of the corporate income tax rate to 21% effective January 1, 2018, among others. The Company was required to recognize the effect of the tax law changes in the period of enactment, such as re-measuring U.S. deferred tax assets and liabilities. In December 2017, the SEC staff issued Staff Accounting Bulletin No. 118, Income Tax Accounting Implications of the Tax Cuts and Jobs Act ("SAB 118"), which allowed the Predecessor to record provisional amounts during a measurement period not to extend beyond one year of the enactment date. During the predecessor period ended October 9, 2018, the Predecessor finalized its accounting for the impacts of tax reform and did not recognize any additional expense or benefit as the revaluation was fully offset by the valuation allowance.

Commencing with the taxable year ended December 31, 2018, Aspen Digital, Inc. elected and qualified to be taxed as a Real Estate Investment Trust (REIT) under Sections 856 through 860 of the Code. Qualification and taxation as a REIT depend on the ability to meet, on a continuing basis, through actual results of operations, sources of our income and assets, distribution levels, diversity of share ownership, changes in the actual or constructive ownership and the Hotel Manager, which is intended to be an "eligible independent contractor" within the meaning of Section 856(d)(9) of the Code with respect to the Company for any given year and various qualification requirements imposed upon REITs by the Code. In addition, the ability to qualify to be taxed as a REIT may depend in part upon the operating results, organizational structure and entity classification for U.S. federal income tax purposes of certain entities in which the Company invests, including the investment in the operating partnership. The ability to qualify to be taxed as a REIT also requires that the Company satisfies certain asset and income tests, which depend upon the characterization for U.S. federal income tax purposes and the fair market values of assets directly or indirectly owned by it. Such values may not be susceptible to a precise determination.

While management believes the Company has adequately provided for all tax positions, amounts asserted by taxing authorities could materially differ from the Company's accrued positions as a result of uncertain and complex application of tax regulations. Additionally, the recognition and measurement of certain tax benefits includes estimates and judgment by management which inherently includes subjectivity. Accordingly, additional provisions on federal and state tax related matters could be recorded in the future as revised estimates are made by the Company or underlying matters are settled or otherwise resolved.

Note 3 Summary of Significant Accounting Policies (continued)

Recently Issued Accounting Standards
From time to time, the FASB or other standards-setting bodies issue new accounting pronouncements. Updates to the FASB Accounting Standards Codification (“ASC”) are communicated through issuance of an Accounting Standards Update ("ASU").

In February 2016, the FASB issued ASU No. 2016-02, *Lease*s (Topic 842), (ASU 2016-02), effective for fiscal years beginning after December 15, 2020. ASU 2016-02 replaces the existing guidance in ASC Topic 840, *Leases* (ASC 840), and requires a dual approach for lessee accounting under which a lessee would account for leases as finance leases or operating leases. Both finance leases and operating leases will result in the lessee recognizing a right-of-use (ROU) asset and a corresponding lease liability. For finance leases, the lessee would recognize interest expense and amortization of the ROU asset and for operating leases, the lessee would recognize a straight-line total lease expense. The Company is currently evaluating the impact of adopting this accounting standards update on its consolidated financial statements.

We continuously monitor and review all current accounting pronouncements and standards from the FASB of U.S. GAAP for applicability to our operations. As of December 31, 2019, there were no other new pronouncements or interpretations that had or were expected to have a significant impact on our operations.

Recently Adopted Accounting Standards
In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*, and has subsequently issued several supplemental and/or clarifying ASUs (collectively known as "ASC 606"). The objective of the new standard is to establish a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and will supersede most of the existing revenue recognition guidance, including industry-specific guidance. The new standard requires an entity to recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Company adopted this standard during the year ended December 31, 2019 with no material impact on its consolidated financial statements.

In November 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows: Clarification of Certain Cash Receipts and Payments*. The objective of ASU 2016-15 will require that a statement of cash flows explain the change during the period in the totals of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents are included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The Company adopted this standard during the year ended December 31, 2019.

Note 3 Summary of Significant Accounting Policies (continued)

Property and Equipment

The Company determined the fair value of property and equipment using the cost, income, and comparative sale methods based on the asset class. This resulted in the carrying value of the property and equipment as of the Asset Acquisition date to be the estimated fair value, which was then reduced for the excess value above the purchase price.

Note 4 Aspen Digital Tokens

In August 2018, Aspen Digital, Inc. initiated a private placement of 18,000,000 of Aspen Digital Tokens, representing 18,000,000 shares of common stock.

Aspen Digital Tokens are a new series of Ethereum-based smart contract digital tokens meeting the ERC-20 Ethereum token standard. The initial price of an Aspen Digital Token was $1.00, and investors must purchase a minimum of $10,000 Digital Tokens to participate in the offering. Each Aspen Digital Token represents an indirect ownership interest in one deposited share of the Company's common stock, par value $0.0001 per share.

The Aspen Digital Tokens have not been, and will not be, registered under the Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold within the United States. The Aspen Digital Tokens are being offered and sold only to "accredited investors" (as defined in Rule 501 of Regulation D under the Securities Act).

Holders of Aspen Digital Tokens will not have any right to vote on any matter submitted to the holders of the common stock for approval unless the Company requests the depositary to solicit voting instructions from the token holders.

Note 5 Preferred Stocks

On January 14, 2019, the Company offered for sale a maximum 125 shares of 12.0% Series A Cumulative Non-Voting Preferred Stock, par value $0.0001 per share (the “Series A Preferred Stock”), solely for the benefit of a limited number of prospective investors, without registration under the Securities Act of 1933, as amended (the “Securities Act”). Therefore, these securities are “restricted securities,” may not be offered, sold, transferred or delivered, directly or indirectly. The Series A Preferred Stock was offered for $1,000 per share and the transactions resulted in proceeds of $125,000.

Holders of Series A Preferred Stock are entitled, when authorized by the Board, to receive distributions at a per annum rate equal to 12.0% of the sum of the liquidation preference plus all accumulated and unpaid distributions. The liquidation preference is equal to $1,000 per share of Series A Preferred Stock. Distributions on the shares of Series A Preferred Stock accrue and are cumulative from the initial issue date. Distributions are payable semi-annually in arrears on June 30 and December 31 of each year.

Note 5 Preferred Stocks (continued)

The Company may redeem all or a portion of a Series A Preferred Stock at any time. Holders of Series A Preferred Stock have no subscription, conversion or preemptive rights. They have no right or power to take part in the day-to-day management of the Company and will have no voting rights other than those specifically provided by the bylaws or by state statute.

Note 6 Distributions

For the year ended December 31, 2019, the Company declared and distributed dividends to Aspen Digital Tokens holders amounting to $1,080,000 and dividends to Series A Preferred Stockholders amounting to $13,834.

Note 7 Fair Value of Financial Instruments

The financial instruments of the Company consist of cash and cash equivalents, money market mutual fund accounts and other receivables, accounts payable, and the note payable. The carrying amount of cash and cash equivalents, accounts and other receivables and accounts payable approximates fair value because of their short maturities. The carrying amount of the note payable approximates its fair value as the interest rate is adjusted regularly based on current market conditions.

The following tables present the carrying value and fair value, by fair value hierarchy, of the financial instruments at December 31, 2019.

	As of December 31, 2019			
	Total Fair Value	Level 1	Level 2	Level 3
Money market mutual fund	$ 1,861,587	$ 1,861,587	$ -	$ -
Total	$ 1,861,587	$ 1,861,587	$ -	$ -

A market approach fair value methodology is used to value the money market mutual fund cash equivalent. The money market mutual fund value is based on quoted prices in active markets for identical assets and is therefore defined as a Level 1 asset within the same class of nature and risk. To calculate NAV, the fund's assets are valued, and liabilities are subtracted, and the balance is divided by the number of shares outstanding and the fund's value is considered readily determinable. As of December 31, 2019, cost basis was equivalent to fair value.

Note 8 Property and Equipment

Property and equipment consist of the following as of December 31, 2019:

Land	$ 68,071,884
Buildings	120,024,973
Site improvements	17,260,906
Furniture, fixtures and equipment	17,424,075
	222,781,838
Less accumulated depreciation	(7,985,033)
	$ 214,796,805

Depreciation expense approximated $6,518,000 for the year ended December 31, 2019.

Note 9 Accrued Expenses

The following table sets forth the components of the accrued liabilities in the accompanying consolidated balance sheet as of December 31, 2019:

Accrued employee compensation and benefits	$ 1,633,683
Accrued real estate taxes payable	1,485,114
Accrued sales and use taxes payable	622,845
Other accrued liabilities	665,561
Total accrued expenses	$ 4,407,203

Note 10 Note Payable

Aspen OP, LP assumed the mortgage and mezzanine term loans in existence during the Asset Acquisition. In December 2019, the loans outstanding were refinanced, paying off $31,000,000 of the mezzanine loan balance outstanding and taking additional advances on the mortgage loan. The new maturity date for both loans is July 2022 and the interest rate, 1-month Libor plus 3.39%. As of December 31, 2019, the mortgage loan had a balance outstanding of $138,749,000 and the mezzanine loan, a balance of $1,000.

The following table provides a schedule of minimum required debt repayments for the mortgage and mezzanine term loans:

Years Ending December 31,	Total
2020	$ -
2021	-
2022	138,850,000
	$ 138,850,000

Note 10 Note Payable (continued)

The following table sets forth recorded interest expense for the year ended December 31, 2019:

Debt-based interest expense	$ 7,788,574
Amortization of lending costs	18,140
Change in fair value of interest rate cap	104,932
Interest expense	$ 7,911,646

Note 11 Income Taxes

The components of income or loss subject to income taxes consist of the following:

	Consolidated	Aspen Digital, Inc.	Aspen OP, LP, and Subsidiaries
U.S. operations	**$ 339,890**	**$ (521,366)**	**$ 861,256**

The components of income taxes from operations for the year ended December 31, 2019 consist of the following:

	Consolidated	Aspen Digital, Inc.	Aspen OP, LP, and Subsidiaries
Current			
Federal	$ (127,733)	$ -	$ (127,733)
State	(29,608)	-	(29,608)
Total current tax expense (benefit)	(157,341)	-	(157,341)
Deferred			
Federal	(78,153)	(218,267)	140,113
State	(16,804)	(39,647)	22,843
Total deferred tax benefit (expense)	(94,957)	(257,914)	162,956
Total tax expense	$ (252,298)	$ (257,914)	$ 5,615

Note 11 Income Taxes (continued)

The nature of reconciling items between the Company's U.S. statutory income tax rate of 21% and the Company's effective income tax rate of approximately 1% for the year ended December 31, 2019 primarily relates to reversal of prior year tax accruals.

The components of net deferred taxes are as follows:

	Consolidated December 31, 2019	Aspen Digital, Inc. December 31, 2019	Aspen OP, LP and Subsidiaries December 31, 2019
Deferred tax assets			
Excess business interest expense - Aspen OP	$ 222,977	$ 222,977	$ -
Investment in Aspen OP, LP	32,103	32,103	-
Compensation accruals	31,559	-	31,559
Net operating losses carryforward	226,616	2,833	223,783
Total deferred tax assets	513,255	257,913	255,342
Deferred tax liabilities			
Allowance for doubtful accounts	(753)	-	(753)
Depreciation	(372,114)	-	(372,114)
Amortization of intangibles	(42,703)	-	(42,703)
Prepaid expenses	(94,225)	-	(94,225)
Total deferred tax liabilities	(509,795)	-	(509,795)
Net deferred tax asset (liability)	$ 3,460	$ 257,913	$ (254,453)

The Company did not acquire the federal and state operating loss carryforwards of the Predecessor as part of the Asset Acquisition. As of December 31, 2019, the Predecessor was no longer subject to federal or state income tax examinations for years before 2016, except with regard to the unutilized net operating losses carried forward from such period.

Note 12 Related Party Transactions

Lease Agreement – Related Party

Commencing in April of 2013, a 5,000 square foot facility which includes a restaurant, lounge and bar located on the Hotel property was leased to a related party though common ownership. The term of the lease is for 10 years and the lease agreement was assumed by the Successor as of the date of the Asset Acquisition.

Note 12 Related Party Transactions (continued)

The following is a schedule of aggregate future minimum rental income payments required by the related party lease:

Years Ending December 31,		
2020	$	145,200
2021		145,200
2022		145,200
2023		39,390
	$	474,990

Related-party rental income approximated $133,500 for the year ended December 31, 2019 and is included as a component of other operating departments, rental, and other income on the consolidated statement of operations.

Management Agreement – Related Party
Concurrent with the Asset Acquisition, the Company entered into a management agreement with a related party through common ownership. Under the terms of the agreement, the Company pays a quarterly base management fee in an amount equal to 1.50% of the Company's equity, less certain operating expenses of the Company, as defined. The Company also pays an annual incentive fee equal to the excess of: (i) 25% of excess core earnings of the Company for the previous 12-month period over 7% of the Company's equity in the previous 12-month period, over (ii) the sum of any incentive fees paid in the first three calendar quarters of the previous 12-month period.

Related party management fees were approximately $1,410,000 for the year ended December 31, 2019. As of December 31, 2019, $70,089 is included in accrued expenses on the accompanying consolidated balance sheet.

Note 13 Commitments and Contingencies

Legal Proceedings
The Company is subject to legal proceedings that arise in the ordinary course of business. Although occasional adverse decisions or settlements may occur, management believes that the final dispositions of such matters will not have material adverse effects on the consolidated financial position, results of operations, or cash flows of the Company.

The Company has been named as a defendant in a lawsuit brought on by a former employee of a related entity, for breach of fiduciary responsibilities. The liability relating to any unfavorable judgement cannot be determined at this time. While it is impossible to ascertain the ultimate resolution, management believes that the resulting liability, if any, from this matter will not have a material impact on the consolidated financial statements.

Note 13 Commitments and Contingencies (continued)

Hotel Management Agreement

Concurrently with the initial purchase of the Hotel, an agreement was entered into with the Hotel Manager, to operate all aspects of the Hotel through December 31, 2040. The agreement provides the Hotel Manager with the right to extend the term of the agreement for up to two additional 10-year terms. The Hotel Manager receives a management fee comprised of a base fee and an incentive fee. The base fee is 4% of gross operating revenue, as defined in the agreement, plus 10% of the net operating income of all third-party operated areas (as defined in the agreement), for each month during the term (including any partial month at the commencement and expiration or termination of the term), provided that in no event shall the base management fee be less than $500,000 each year. The incentive fee is 20% of gross operating profit less base management fees, taxes, insurance, property and equipment reserve, and 10% of the owner's project costs, as defined in the agreement, for capital improvements at the Hotel. The agreement also requires a reserve fund be maintained to ensure that funds are available for necessary capital improvements, which shall not exceed 4% of revenues per year. The agreement provides for cancellation without termination charges if defined operating results are not being achieved, beginning with the third year of the agreement.

As part of the Asset Acquisition, the agreement was assigned to the Aspen OP, LP. Hotel management fee expense under the Agreement was approximately $3,330,000, for the year ended December 31, 2019. As of December 31, 2019, $32,000, is included in "Accrued expenses" on the accompanying consolidated balance sheet.

Operating Leases

Aspen OP, LP has non-cancellable operating leases for equipment used in the operation of the Hotel that expire at various dates through 2022.

The following is a schedule of aggregate future minimum lease payments required by these leases:

Years Ending December 31,	
2020	$ 93,967
2021	93,967
2022	24,728
	$ 212,662

Rent expense under operating leases was $334,000 for the year ended December 31, 2019 and is included as a component of general and administrative expenses on the accompanying consolidated statement of operations.

Note 14 Subsequent Events

Management has evaluated subsequent events from the consolidated balance sheet date through August 10, 2020, the date at which the consolidated financial statements were available to be issued.

In January 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. The COVID-19 outbreak in the United States has resulted in travel restrictions in place and forced the St. Regis hotel to have an early closure in March 2020.

The extent of the impact of the COVID-19 on the Company's operational and financial performance will depend on future developments, including the duration and spread of the outbreak, related travel advisories and restrictions and the impact of the COVID-19 on tourism overall, all of which are highly uncertain and cannot be predicted.

There are still too many variables and uncertainties to make a reasonable forecast for 2020. If the travel restrictions and concerns over the outbreak continue for an extended period of time, they could materially impact the Company's overall financial performance.

Consolidated Financial Statements and Report of Independent Certified Public Accountants

Aspen OP, LP and Subsidiaries (Successor)

As of December 31, 2018 and for the period
October 10, 2018 through December 31, 2018

315 East Dean Associates, Inc. and Subsidiaries (Predecessor)

As of December 31, 2017 and for the period
January 1, 2018 through October 9, 2018 and for the year ended December 31, 2017

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Aspen OP, LP

We have audited the accompanying consolidated financial statements of Aspen OP, LP and subsidiaries ("Successor"), which comprise the consolidated balance sheet as of December 31, 2018, and the related consolidated statements of operations, changes in members' equity, and cash flows for the period from October 10, 2018 through December 31, 2018, and the consolidated balance sheet as of December 31, 2017 of 315 East Dean Associates, Inc. ("Predecessor"), and the related consolidated statements of operations, changes in stockholder's deficit, and cash flows for the period from January 1, 2018 through October 9, 2018 and for the year ended December 31, 2017, and the related notes to the financial statements.

Management's responsibility for the financial statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes

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evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Successor as of December 31, 2018, and the results of its operations and its cash flows for the period from October 10, 2018 through December 31, 2018, and the financial position of the Predecessor as of December 31, 2017, and the results of its operations and its cash flows for the period from January 1, 2018 through October 9, 2018 and for the year ended December 31, 2017, in accordance with accounting principles generally accepted in the United States of America.

Grant Thornton LLP

Newport Beach, California
July 15, 2019

Aspen OP, LP and Subsidiaries

CONSOLIDATED BALANCE SHEETS

	Successor		Predecessor	
	As of December 31, 2018		As of December 31, 2017	
Assets				
Current assets:				
Cash and cash equivalents	$	9,657,004	$	4,071,447
Restricted cash and cash equivalents		2,030,258		1,515,197
Receivables, net		4,529,111		4,922,028
Due from Hotel Manager		-		2,617,811
Inventories		411,252		370,568
Prepaid expenses and other assets		321,511		667,263
Other receivables		434,386		464,342
Total current assets		17,383,522		14,628,656
Property and equipment, net		219,746,744		96,361,239
Deposits and other assets		298,110		126,192
Total assets	$	237,428,376	$	111,116,087
Liabilities and members' equity / stockholder's deficit				
Current liabilities:				
Accounts payable	$	1,506,064	$	1,362,360
Accrued expenses		4,766,474		6,064,370
Advanced deposits		6,620,138		6,670,312
Income tax payable		166,326		-
Total current liabilities		13,059,002		14,097,042
Notes payable		130,000,000		119,473,542
Deferred tax liability		91,498		-
Total liabilities		143,150,500		133,570,584
Members' equity / Stockholder's deficit:				
Members' equity		94,277,876		-
Common stock, $1.00 par value, 50,000,000 shares authorized and outstanding as of December 31, 2017		-		50,000,000
Additional paid-in capital		-		3,391,452
Accumulated deficit		-		(75,845,949)
Total members' equity/ stockholder's deficit		94,277,876		(22,454,497)
Total liabilities and members' equity / stockholder's deficit	$	237,428,376	$	111,116,087

The accompanying notes are an integral part of these consolidated financial statements.

Aspen OP, LP and Subsidiaries

CONSOLIDATED STATEMENTS OF OPERATIONS

	Successor	Predecessor	
	October 10, 2018 through December 31, 2018	January 1, 2018 through October 9, 2018	January 1, 2017 through December 31, 2017
Rooms	$ 7,266,053	$ 24,758,751	$ 30,066,144
Food and beverage	1,189,228	8,118,939	8,216,244
Other operating departments, rental, and other	1,143,494	5,639,142	6,436,690
Total revenues	9,598,775	38,516,832	44,719,078
Departmental costs and expenses			
Rooms	1,382,318	5,313,227	6,361,395
Food and beverage	1,542,837	6,173,885	6,815,645
Other operating departments, rental, and other	671,932	2,724,371	3,086,820
Total departmental costs and expenses, exclusive of depreciation shown below	3,597,087	14,211,483	16,263,860
Departmental income	6,001,688	24,305,349	28,455,218
Operating expenses			
General and administrative	694,620	3,690,302	6,592,956
Marketing and promotion	794,795	2,862,516	3,597,344
Repairs and maintenance	603,122	1,609,995	1,871,529
Corporate expenses	55,968	1,144,751	1,346,945
Utilities	114,315	489,026	700,690
Management fees - related party	267,952	1,226,000	1,268,000
Hotel manager fees	366,483	2,348,452	2,389,568
Property taxes	283,574	881,578	1,041,206
Depreciation	1,467,063	3,847,329	5,049,586
Total operating expenses	4,647,892	18,099,949	23,857,824
Operating income	1,353,796	6,205,400	4,597,394
Other (income) expense			
Interest expense	1,990,562	6,603,976	7,003,860
Other income	-	(126,829)	-
Total other (income) expenses	1,990,562	6,477,147	7,003,860
Loss before income taxes	(636,766)	(271,747)	(2,406,466)
Income tax expense	85,358	-	-
Net loss	$ (722,124)	$ (271,747)	$ (2,406,466)

The accompanying notes are an integral part of these consolidated financial statements.

Aspen OP, LP and Subsidiaries

CONSOLIDATED STATEMENTS OF MEMBERS' EQUITY / STOCKHOLDER'S DEFICIT

	Common stock		Additional paid-in capital	Accumulated deficit	Members' equity	Total members' equity/ stockholder's deficit
	Shares	Amount				
Balance at January 1, 2017 (Predecessor)	50,000,000	$ 50,000,000	$ 3,391,452	$ (52,891,100)	$ -	$ 500,352
Net loss	-	-	-	(2,406,466)	-	(2,406,466)
Distributions	-	-	-	(20,548,383)	-	(20,548,383)
Balance at December 31, 2017 (Predecessor)	50,000,000	50,000,000	3,391,452	(75,845,949)	-	(22,454,497)
Net loss	-	-	-	(271,747)	-	(271,747)
Contributions	-	-	-	32,000	-	32,000
Distributions	-	-	-	(2,282,218)	-	(2,282,218)
Balance at October 9, 2018 (Predecessor)	50,000,000	$ 50,000,000	$ 3,391,452	$ (78,367,914)	$ -	$ (24,976,462)
Balance at October 10, 2018 (Successor)	-	$ -	$ -	$ -	$ -	$ -
Issuance of OP units	-	-	-	-	95,000,000	95,000,000
Net loss	-	-	-	-	(722,124)	(722,124)
Balance at December 31, 2018 (Successor)	-	$ -	$ -	$ -	$ 94,277,876	$ 94,277,876

The accompanying notes are an integral part of these consolidated financial statements.

Aspen OP, LP and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Successor	Predecessor	
	October 10, 2018 through December 31, 2018	January 1, 2018 through October 9, 2018	January 1, 2017 through December 31, 2017
Operating activities:			
Net loss	$ (722,124)	$ (271,747)	$ (2,406,466)
Adjustments to reconcile net loss to cash provided by operating activities:			
Depreciation	1,467,063	3,847,329	5,049,586
Amortization and write-off of loan costs as interest expense	-	754,340	399,242
Change in market value of interest rate cap contracts	283,508	15,957	57,712
Allowance for doubtful accounts	-	-	12,056
Deferred income taxes	(80,968)	-	-
Change in non-cash operating working capital			
Restricted cash	(55,072)	(768,629)	(482,300)
Receivables	(3,916,351)	4,309,268	249,601
Due from Hotel Manager	-	1,011,811	(2,617,811)
Inventories	(78,780)	38,096	(98,447)
Deposits and other assets	11,491	38,223	72,318
Other receivables	6,671	(669,659)	54,460
Prepaid expenses and other assets	1,898,605	53,147	(378,230)
Accounts payable	1,275,845	(1,132,141)	(204,549)
Accrued expenses	1,523,034	(2,820,931)	1,667,685
Advance deposits	3,804,326	(3,854,499)	560,458
Income tax payable	166,326	-	-
Net cash provided by operating activities	5,583,574	550,565	1,935,315
Investing activities:			
Purchase of property and equipment	(204,168)	(798,726)	(3,160,380)
Notes receivable - related party	-	(6,100,000)	-
Restricted cash equivalent	-	308,640	696,647
Acquisition, net of cash acquired	4,277,598	-	-
Net cash provided by (used in) investing activities	4,073,430	(6,590,086)	(2,463,733)
Financing activities:			
Proceeds from refinancing of debt, net of payment for debt financing costs	-	8,508,404	19,177,410
Proceeds from note payable from related party	-	-	1,649,558
Repayment of note payable from related party	-	-	(1,649,558)
Contributions	-	32,000	-
Distributions	-	(2,282,218)	(20,548,383)
Payment for interest rate cap	-	(360,000)	(59,300)
Net cash provided by (used in) financing activities	-	5,898,186	(1,430,273)
Net increase (decrease) in cash	9,657,004	(141,335)	(1,958,691)
Cash at beginning of period	-	4,071,447	6,030,138
Cash at end of period	$ 9,657,004	$ 3,930,112	$ 4,071,447
Supplemental cash flow information:			
Cash paid for interest	$ 1,373,461	$ 5,932,576	$ 6,546,906

The accompanying notes are an integral part of these consolidated financial statements.

NOTE 1 – ORGANIZATION AND NATURE OF OPERATIONS

Aspen OP, LP (the "Company", the "Successor", "we", "us" or "our") was organized on January 16, 2018 in the state of Delaware, and is domiciled in the United States of America. On October 10, 2018 through a series of transactions, the Company acquired (the "Asset Acquisition") the St. Regis Aspen Resort (the "Hotel") from the Predecessor and began operations. The term of the Company partnership shall continue perpetually unless it is dissolved pursuant to the provisions of the governing limited partnership agreement.

Hotel acquisition

The Hotel acquired consists of land, building and site improvements. Substantially all of the fair value of the gross assets acquired in the Asset Acquisition were concentrated in a single identifiable group of similar assets and therefore was not considered a business. As such, the Company accounted for this transaction as an asset acquisition. The Company considers a group of similar assets to be tangible assets that are attached to and cannot be physically removed and used separately from another tangible asset without incurring significant cost or significant diminution in utility or fair value. The Company considers similar assets as assets that have a similar nature and risk characteristics.

The Hotel is comprised of 179 guest rooms, food and beverage facilities, meeting space, spa and fitness center, a restaurant and retail outlets. The Hotel's business is seasonal, with operating peaks during the winter and summer seasons.

The Hotel is operated by Sheraton Operating Corporation (the "Hotel Manager") under the terms of a long-term management agreement (the "Agreement").

Basis of presentation

The consolidated financial statements as of December 31, 2017 and for the period from January 1, 2018 through October 9, 2018 and for the year ended December 31, 2017 (the Predecessor periods), represent the operations of the Predecessor prior to the Asset Acquisition and do not reflect the effects of purchase accounting adjustments. The consolidated financial statements and related notes as of December 31, 2018, and for the period from October 10, 2018 through December 31, 2018 (the Successor period) reflect all purchase accounting adjustments resulting from the Asset Acquisition. Due to the change in basis as a result of the acquisition, the Predecessor consolidated financial statements are not comparable with those of the Successor.

The consolidated financial statements are stated in United States ("U.S.") dollars and have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP").

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

The consolidated financial statements as of December 31, 2018, and for the period from October 10, 2018 through December 31, 2018, include the accounts of the Successor and its wholly owned subsidiaries. The consolidated financial statements as of December 31, 2017 and for the period from January 1, 2018 through October 9, 2018 and for the year ended December 31, 2017 include the accounts of the Predecessor and its wholly owned subsidiaries. All significant intercompany transactions have been eliminated in consolidation.

Cash and cash equivalents

The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. A significant portion of the Company's cash and cash equivalents is maintained at various financial institutions in amounts that may exceed federally insured limits of $250,000 per account; however, the Company limits its cash investments to high-quality financial institutions in order to minimize its credit risk. The Company has not experienced any losses and does not believe it is exposed to any significant risk on cash and cash equivalent balances.

Amounts in-transit from credit card processors are considered cash equivalents because they are both short-term and highly liquid in nature and are typically converted to cash within two days of the sales transaction. There was approximately $693,000 in credit card receivables included in cash and cash equivalents as of December 31, 2018. All credit card receivables as of December 31, 2017 were included in “Due from Hotel Manager” on the accompanying balance sheet as part of the depository arrangement.

Restricted cash and cash equivalents

Restricted cash represents required amounts to be reserved under the terms of the note payable agreement for improvements and real estate taxes under the management agreement.

Restricted cash and cash equivalents consisted of the following:

	Successor	Predecessor
	December 31, 2018	December 31, 2017
Property and equipment reserve – cash equivalent	$ 1,216,208	$ 392,507
Real estate tax reserve – cash	814,050	1,122,690
Restricted cash and cash equivalents	$ 2,030,258	$ 1,515,197

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted cash and cash equivalents (continued)

The property and equipment reserve is classified as a cash equivalent and held at fair value. Refer to *Note 3 - Fair value of financial instruments* for additional information.

Receivables

Accounts receivable is comprised of amounts due from hotel guests and amounts due from individuals or companies for banquets and other events provided by the hotel. The Company provides an allowance for doubtful accounts, as necessary, for accounts deemed potentially uncollectible. An allowance for doubtful accounts is determined based on the age of the account balances, the creditworthiness of the customer and collection history. Accounts receivable are charged off when the balance is determined to be uncollectible. There was approximately a $0 and $18,000 allowance for doubtful accounts as of December 31, 2018 and 2017, respectively. Given the short-term nature of receivables, the Company generally does not charge interest on outstanding balances.

Due from Hotel Manager

Beginning in the fourth quarter of 2017, all cash collections related to guest stays and events at the Hotel were deposited directly to an account maintained by the Hotel Manager. Amounts held by the Hotel Manager were due upon demand. In the third quarter of 2018, the Predecessor and the Hotel Manager ceased this depository arrangement.

Residence Club receivable

Located on the same lot but separate from the Hotel are certain condominium units owned and operated by a third-party (the “Residence Club”). Historically, the Residence Club was owned and operated by the Hotel Manager. In May 2016, the Hotel Manager sold the Residence Club to a third party. The relationship with the Hotel Manager (and, by extension the Residence Club during the time the Hotel Manager owned the Residence Club) is contractual, and while certain rights of authority have been conveyed through the hotel management agreement, the Hotel Manager does not significantly influence the management or operating policies of us or our related party manager.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Residence Club receivable (continued)

Under the terms of the hotel management agreement, we incur cash expenditures at the direction of our Hotel Manager related to the operations of the Residence Club. The cash expenditures incurred by us on behalf of the Residence Club include allocated shared payroll costs, food and beverage and other departmental staff, utilities and shared services costs (including laundry, fitness center and transportation) and any direct costs for repairs and maintenance, as applicable, based on the terms outlined within the hotel management agreement. It is the responsibility of our Hotel Manager to provide these services to Residence Club, and the cash expenditures incurred by us are subject to reimbursement. Under ASC Topic 605, “Revenue Recognition” such transactions are accounted for on a net basis in our capacity as an agent whereby we do not receive any benefit or obligation from the Residence Club, other than the reimbursement of the cash expenditures.

Total amounts refunded from the Residence Club approximated $855,000, $2,491,000 and $3,805,000 for the period October 10, 2018 through December 31, 2018, for the period January 1, 2018 through October 9, 2018, and for the year ended December 31, 2017, respectively. As of December 31, 2018 and 2017, the amounts due from the Residence Club approximated $434,000 and $464,000, respectively, and are included in “Other receivables” on the accompanying balance sheet.

Inventories

Inventories consist of food, beverage, and spa gift shop items and are stated at the lower of cost or net realizable value using the first-in, first-out method. Operating stock, which represents items such as china, glassware, silver, and linen is expensed when placed in service.

Property and equipment

Property and equipment are carried at cost, net of accumulated depreciation. The related cost and accumulated depreciation of assets retired or otherwise disposed of are removed from the accounts and the resultant gain or loss is reflected in earnings in the period incurred. Routine repairs and maintenance are expensed as incurred. Expenditures that improve the functionality of the related property and equipment or extend its useful life are capitalized.

Depreciation is calculated on the straight-line method based on the following estimated useful lives subsequent to the valuation:

	Estimated Useful Lives
Building	55 years
Building improvements	44 years
Furniture, fixtures and equipment	4 years

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and equipment (continued)

We review our long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of the hotel property may not be recoverable. Events or circumstances that may cause a review include, but are not limited to, adverse permanent changes in the demand for lodging at the properties due to declining economic conditions and/or new hotel construction where the hotel is located. When such conditions exist, management performs an analysis to determine if the estimated undiscounted future cash flows from operations and the proceeds from an ultimate disposition of the hotel property exceeds its carrying value. If the estimated undiscounted future cash flows are found to be less than the carrying amount of the asset, an adjustment to reduce the carrying amount to the hotel property's estimated fair market value would be recorded and an impairment loss recognized.

The Company also re-evaluates the periods of depreciation to determine whether subsequent events and circumstances warrant revised estimates of useful lives. As of December 31, 2018, the Company expects these assets to be fully recoverable.

Lending Costs

Lending costs are costs incurred in connection with the Predecessor’s debt financings that have been capitalized and amortized as interest expense over the stated maturity period of the related debt, on a straight-line basis, which approximated the effective interest method. As a result of purchase accounting, the fair value of the $1,264,000 in unamortized lending costs associated with the assumed debt of the Successor was determined to be zero and was not included as an acquired asset in the Asset Acquisition.

Fair values of financial instruments

Accounting standards define fair value, outline a framework for measuring fair value, and detail the required disclosures about fair value measurements. Under these standards, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or most advantageous market. Standards establish a hierarchy in determining the fair market value of an asset or liability. The fair value hierarchy has three levels of inputs, both observable and unobservable. Standards require the utilization of the highest possible level of input to determine fair value.

- **Level 1** – inputs include quoted market prices in an active market for identical assets or liabilities.

- **Level 2** – inputs are market data, other than Level 1, that are observable either directly or indirectly. Level 2 inputs include quoted market prices for similar assets or liabilities, quoted market prices in an inactive market, and other observable information that can be corroborated by market data.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair values of financial instruments (continued)

- **Level 3** – inputs are unobservable and corroborated by little or no market data.

Derivative instruments

In conjunction with the executed debt agreements in June 2018, the Predecessor purchased an interest rate cap agreement with a notional amount of $130,000,000 to manage the exposure to interest rate movements on the restructured variable-rate debt when one-month LIBOR exceeds 3.0%. As of December 31, 2018, the one-month LIBOR was approximately 2.46%. The effective date of the interest rate cap agreement is June 20, 2018, and the agreement matures on July 15, 2020. The Predecessor paid $360,000 for this interest rate cap and the fair value of the cap as of December 31, 2018 was $62,000. The derivative agreement was assumed by the Company as of the date of the Asset Acquisition.

Prior to the June 2018 debt agreement, the Predecessor had an interest rate cap agreement with a notional amount of $120,000,000 to manage the exposure to interest rate movements on the restructured variable-rate debt when one-month LIBOR exceeds 3.0%. The effective date of this interest rate cap agreement was March 31, 2017, and the agreement was terminated in June 2018.

These derivatives are not designated as a hedge and do not qualify for hedge accounting. Accordingly, changes in the fair value of the interest rate cap are recognized as interest expense. The investment in the interest rate cap is included in “Deposits and other assets” on the accompanying balance sheets.

Revenue recognition

The Company recognizes revenue daily when earned, on the close of each business day, which is at the time rooms, food and beverage, or spa or other services are provided. Amounts received in advance of guest-stays are reflected as “Advance deposits” in the accompanying balance sheets. Cancellation revenue is recognized at the time the customer cancels the event and receives no future credit or promise of service. Revenues are reported net of occupancy and other taxes collected from customers and remitted to governmental authorities.

The Company leases restaurant and retail space to unaffiliated tenants and a related party. The leases are cancellable by the Company with three to six months’ notice, and provide for minimum rental increases. For these leases, the aggregate rental income over the lease term is recognized on a straight-line basis over the lease term. The difference between the income receivable in any year and the amount received under the lease during that year is recorded as deferred rent on the Company’s balance sheet and has been included in “Deposits and other assets” on the accompanying balance sheets, which will reverse over the lease term.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

Deferred rent as of December 31, 2018 and 2017 approximated $57,000 and $79,000, respectively. The leases expire at varying dates ranging from August 2019 to October 2023.

The following is a schedule of aggregate future minimum rental income payments required by these leases:

Years ending December 31,	
2019	$ 502,762
2020	460,890
2021	435,564
2022	445,651
2023	268,753
	$ 2,113,620

Rental income was approximately $158,300, $466,100 and $533,200 for the period October 10, 2018 through December 31, 2018, the period January 1, 2018 through October 9, 2018, and for the year ended December 31, 2017, respectively. Refer to *Note 9 – Related party transactions* for additional information.

Offering costs

An affiliate of the Company, Aspen REIT, Inc. (“Aspen REIT”) intended to conduct its initial public offering (the “IPO”) with the intent to acquire an interest in the Hotel. The Predecessor agreed to pay 100% of (i) the Selling Agent commissions; and (ii) other offering and contribution transaction expenses, including the acquisition fee paid to Aspen REIT's manager. As of December 31, 2017, due to concerns over the marketability of the IPO, all offering costs incurred that were previously capitalized were expensed. For the year ended December 31, 2017, total expense associated with the write-off of the offering costs approximated $2,123,400 and included in “General and administrative” in the statements of operations.

Income taxes

Deferred tax assets and liabilities are recorded for the estimated future tax effects of temporary differences between the tax basis of assets and liabilities and amounts reported in the accompanying balance sheet, as well as operating loss carry-forward. Deferred tax assets are reduced by a valuation allowance if current evidence indicates that it is considered more likely than not that these benefits will not be realized. The Predecessor and Successor use a recognition threshold and measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For tax benefits to be recognized, a tax position related to the benefit must be more likely than not to be sustained upon examination by taxing authorities. Further, the Predecessor and Successor have elected to classify any interest and penalties relating to such items as part of its income tax expense or benefit.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income taxes (continued)

In examining its tax positions under this standard, all entities in the financial statements assume their positions will be examined by the appropriate taxing authority and the taxing authority will have full knowledge of all relevant information. The technical merits of the entities' tax positions are derived from sources of authorities in the tax law (legislation and statutes, legislative intent, regulations, rulings, and case law) and their applicability to the facts and circumstances of the tax positions. Past administrative practices and precedents of the taxing authority in its dealings with the entities and similar enterprises that are widely understood have also been taken into account.

Each tax position has been evaluated without consideration of the possibility of offset or aggregation with other positions. Based on this evaluation, no unrecognized tax benefits have been recorded in the accompanying financial statements. Penalties and interest incurred related to underpayment of income tax are classified as income tax expense in the period incurred. No penalties or interest related to underpayment of income tax have been incurred for the period October 10, 2018 through December 31, 2018, the period from January 1, 2018 through October 9, 2018 or for the year ended December 31, 2017.

On December 22, 2017, the United States enacted tax reform legislation commonly referred to as the Tax Cuts and Jobs Act (“the Tax Act”). The Tax Act made broad and complex changes to the U.S. tax code, including a reduction of the corporate income tax rate to 21% effective January 1, 2018, among others. The Company was required to recognize the effect of the tax law changes in the period of enactment, such as re-measuring U.S. deferred tax assets and liabilities. In December 2017, the SEC staff issued Staff Accounting Bulletin No. 118, Income Tax Accounting Implications of the Tax Cuts and Jobs Act (“SAB 118”), which allowed the Predecessor to record provisional amounts during a measurement period not to extend beyond one year of the enactment date. During the predecessor period ended October 9, 2018, the Predecessor finalized its accounting for the impacts of tax reform and did not recognize any additional expense or benefit as the revaluation was fully offset by the valuation allowance.

As an LP, the Company is organized and operates so as to qualify for United States federal income tax purposes as a partnership, and not as an association or publicly traded partnership taxable as a corporation. Therefore, the Company generally is not subject to United States federal income tax at the entity level. Holders of the Company’s units will be required to take into account their allocable share of each item of the Company’s income, gain, loss, deduction, and credit for the taxable year of the Company ending within or with their taxable year. However, the Company has a wholly-owned domestic subsidiary that is taxable as a corporation. The Company accounts for the subsidiary’s income taxes under the asset and liability method.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income taxes (continued)

While management believes the Company has adequately provided for all tax positions, amounts asserted by taxing authorities could materially differ from the Company's accrued positions as a result of uncertain and complex application of tax regulations. Additionally, the recognition and measurement of certain tax benefits includes estimates and judgment by management which inherently includes subjectivity. Accordingly, additional provisions on federal and state tax related matters could be recorded in the future as revised estimates are made by the Company or underlying matters are settled or otherwise resolved.

Recently issued accounting standards

From time to time, the Financial Accounting Standards Board ("FASB") or other standards-setting bodies issue new accounting pronouncements. Updates to the FASB Accounting Standards Codification are communicated through issuance of an Accounting Standards Update ("ASU").

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*, and has subsequently issued several supplemental and/or clarifying ASUs (collectively known as "ASC 606"). The objective of the new standard is to establish a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and will supersede most of the existing revenue recognition guidance, including industry-specific guidance. The new standard requires an entity to recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In August 2015, the FASB approved a one-year deferral of the effective date of this standard. Private entities are required to adopt the new standard for fiscal years, and interim periods within those years, beginning after December 15, 2018, with the option of applying the standard early as of the original effective date for private entities. The new standard may be applied retrospectively to each prior period presented or retrospectively with the cumulative effect recognized as of the date of adoption. The Company is currently evaluating the impact of the new guidance and the method of adoption, and has made some preliminary conclusions as of the date of this report. The Company does not expect any significant impact upon adoption of this standard as its contracts with customers are i) generally short-term (itinerant room stays at the Hotel with revenues booked after services are provided), ii) services and not goods related, and iii) not based on percentage of completion or other multi-period or interim benchmarks for performance. Revenue for other contracts, such as those for events, are similarly recognized upon completion of services. The Company will continue to monitor and assess the possible impacts of this standard with possible early adoption prior to its mandated effectiveness.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently issued accounting standards (continued)

In November 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows: Clarification of Certain Cash Receipts and Payments*. The objective of ASU 2016-15 will require that a statement of cash flows explain the change during the period in the totals of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. Private entities are required to adopt the new standard for fiscal years beginning after December 15, 2018, and interim periods within those years. Early adoption is permitted, including adoption in an interim period. If an entity early adopts the amendments in an interim period, any adjustments should be reflected as of the beginning of the fiscal year that includes that interim period. The Company is currently evaluating the impact that the standard will have on the financial statements, and has made no conclusions as of the date of this report.

We continuously monitor and review all current accounting pronouncements and standards from the FASB of U.S. GAAP for applicability to our operations. As of December 31, 2018, there were no other new pronouncements or interpretations that had or were expected to have a significant impact on our operations.

Recently adopted accounting standards

In January 2017, the FASB issued ASU 2017-01, *Business Combinations (Topic 805): Clarifying the Definition of a Business*. The purpose of ASU 2017-01 is to clarify the definition of a business to assist entities with evaluating whether transactions should be accounted for as acquisitions of dispositions of assets or businesses. Upon adoption, there is an increased likelihood that certain acquisitions and dispositions of individual hotels will be accounted for as asset transactions. We early adopted ASU 2017-01 on January 1, 2018 on a prospective basis and evaluate the impact on acquisitions and dispositions based on the relevant facts and circumstances.

NOTE 3 – ASSET ACQUISITION

Consideration for the Asset Acquisition included $95,000,000 in OP units of the Company. In connection with the Asset Acquisition, the assets and liabilities of the Hotel were recorded at their estimated fair values with the excess value above the purchase price of approximately $2,660,000 being recorded as a reduction of the relative fair value of the non-monetary long-lived assets. The total purchase price of $95,000,000 included cash and cash equivalents of $4,277,598 and the remaining $90,722,402 was allocated as follows:

NOTE 3 – ASSET ACQUISITION (CONTINUED)

Restricted cash and cash equivalents	$ 1,975,186
Receivables	612,760
Inventories	332,472
Prepaid expenses and other	2,220,116
Other receivables	441,057
Property and equipment	221,009,639
Deposits and other assets	593,109
Accounts payable	(230,219)
Accrued expenses	(3,243,439)
Advanced deposits	(2,815,813)
Deferred tax liability	(172,466)
Note payable	(130,000,000)
Net assets acquired	$ 90,722,402

Working capital

The recorded amount of restricted cash and cash equivalents, receivables, inventories, prepaid expenses and other, other receivables, deposits and other assets, accounts payable, accrued expenses, and advanced deposits approximated fair value because of the short-term nature of the instruments.

Property and equipment

The Company determined the fair value of property and equipment using the cost, income, and comparative sale methods based on the asset class. This resulted in the carrying value of the property and equipment as of the Asset Acquisition date to be the estimated fair value, which was then reduced for the excess value above the purchase price.

Note payable

The carrying value of the assumed note payable approximated fair value and was valued using a Level 1 input, specifically the borrowing rates available to the Company as of the Asset Acquisition date.

NOTE 4 – FAIR VALUE OF FINANCIAL INSTRUMENTS

The financial instruments of the Company consist of cash and cash equivalents, money market mutual fund accounts and other receivables, accounts payable, and the note payable. The carrying amount of cash and cash equivalents, accounts and other receivables and accounts payable approximates fair value because of their short maturities. The carrying amount of the note payable approximates its fair value as the interest rate is adjusted regularly based on current market conditions.

NOTE 4 – FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The following tables present the carrying value and fair value, by fair value hierarchy, of the financial instruments at December 31, 2018 and 2017, respectively.

	As of December 31, 2018 (Successor)			
	Total Fair Value	Level 1	Level 2	Level 3
Money market mutual fund	$ 1,216,208	$ 1,216,208	$ -	$ -
Total	$ 1,216,208	$ 1,216,208	$ -	$ -

	As of December 31, 2017 (Predecessor)			
	Total Fair Value	Level 1	Level 2	Level 3
Money market mutual fund	$ 392,507	$ 392,507	$ -	$ -
Total	$ 392,507	$ 392,507	$ -	$ -

A market approach fair value methodology is used to value the money market mutual fund cash equivalent. The money market mutual fund value is based on quoted prices in active markets for identical assets and is therefore defined as a Level 1 asset within the same class of nature and risk. To calculate NAV, the fund's assets are valued and liabilities are subtracted and the balance is divided by the number of shares outstanding and the fund's value is considered readily determinable. As of December 31, 2018 and 2017, cost basis was equivalent to fair value.

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	Successor	Predecessor
	December 31, 2018	December 31, 2017
Land	$ 68,071,884	$ 17,121,452
Buildings	120,024,973	86,596,997
Site improvements	15,692,875	-
Furniture, fixtures and equipment	17,424,075	22,948,123
Less: Accumulated depreciation	(1,467,063)	(30,305,333)
Total property and equipment	$219,746,744	$ 96,361,239

NOTE 5 – PROPERTY AND EQUIPMENT (CONTINUED)

Depreciation expense approximated $1,467,000 for the period October 10, 2018 through December 31, 2018 and approximated $3,847,000 and $5,050,000 for the period from January 1, 2018 through October 9, 2018 and for the year ended December 31, 2017, respectively.

NOTE 6 – ACCRUED EXPENSES

The following table sets forth the components of the accrued liabilities in the accompanying balance sheets.

	Successor	Predecessor
	December 31, 2018	December 31, 2017
Accrued employee compensation and benefits	$ 1,239,819	$ 1,425,670
Accrued real estate taxes payable	1,134,296	1,002,209
Accrued offering costs	-	1,920,240
Accrued sales and use taxes payable	835,142	843,091
Other accrued liabilities*	1,557,217	873,160
Total accrued expenses	$ 4,766,474	$ 6,064,370

*Other accrued liabilities consist of items which are individually less than 5% of total current liabilities

NOTE 7 – NOTE PAYABLE

Predecessor

In April 2017, the Predecessor refinanced the mortgage with the current lender and obtained a new $120,000,000 note payable from the lender. The note matured in April 2019 with three successive one-year options to extend the scheduled maturity date pursuant to certain conditions set forth in the agreement. The note payable was interest only and bore interest at the greater of 0.99% or one-month LIBOR plus 4.55%. The note was collateralized by all assets of the Predecessor. In addition, the note was personally guaranteed by the Predecessor's chief executive officer and a parent company entity controlled by the chief executive officer. The Predecessor was subject to certain financial reporting covenants applicable for quarterly periods during which the note was outstanding.

NOTE 7 – NOTE PAYABLE (CONTINUED)

Predecessor (continued)

On June 20, 2018, the Predecessor entered into a $99,000,000 mortgage term loan with the JP Morgan Chase Bank, National Association and a $31,000,000 mezzanine term loan with Garfield Co Trust. Both term loans mature on July 9, 2020 and include three successive options to extend the term an additional year. Interim principle payments are not required. Both loans bear interest at a rate per annum equal to the sum of LIBOR plus the applicable LIBOR spread (defined as 2.29% and 7.35% for each agreement respectively) which shall be paid monthly. The mortgage and mezzanine term loans are secured by assets of the Company, including a pledge of 100% of the Company's interest in all shares of capital stock. In connection with the execution of the agreements above, the Predecessor repaid all of the outstanding obligations with respect to the $120,000,000 notes payable and wrote off $526,000 in financing costs which represented the remaining unamortized costs as of the extinguishment date. In August 2018, the mortgage term loan was transferred from JP Morgan Chase Bank, National Association to PIMCO Bermuda Trust II: PIMCO Bermuda Income Fund (M).

Successor

The Company assumed the mortgage and mezzanine term loans in existence during the Predecessor period which had an outstanding balance of $99,000,000 and $31,000,000 as of December 31, 2018, respectively. As of December 31, 2018, the interest rate applicable to each agreement was 4.75% and 9.81%, respectively. The Company was in compliance with all covenants at December 31, 2018.

The following table provides a schedule of minimum required debt repayments for the mortgage and mezzanine term loans:

2019	$ -
2020	130,000,000
Total	$130,000,000

The following table sets forth recorded interest expense for the Successor and Predecessor periods:

	Successor	Predecessor	
	October 10, 2018 through December 31, 2018	January 1, 2018 through October 9, 2018	Fiscal year ended December 31, 2017
Debt-based interest expense	$ 1,707,054	$ 5,833,679	$ 6,546,906
Amortization of lending costs	-	227,883	399,242
Write-off of lending costs	-	526,457	-
Change in fair value of interest rate cap	283,508	15,957	57,712
Interest expense	$ 1,990,562	$ 6,603,976	$ 7,003,860

NOTE 8 – INCOME TAXES

The components of income or loss subject to income taxes consist of the following:

	Successor	Predecessor	
	October 10, 2018 through December 31, 2018	January 1, 2018 through October 9, 2018	Fiscal year ended December 31, 2017
U.S. operations	$ 336,683	$ (271,747)	$(2,406,466)

The components of income taxes from operations for the Successor period from October 10, 2018 through December 31, 2018 and the Predecessor period for the period from January 1, 2018 through October 9, 2018 and for the year ended December 31, 2017 consist of the following:

	Successor	Predecessor	
	October 10, 2018 through December 31, 2018	January 1, 2018 through October 9, 2018	Fiscal year ended December 31, 2017
Current			
Federal	$ 135,095	$ -	$ -
State	31,231	-	-
Total current tax expense	166,326	-	-
Deferred			
Federal	(68,957)	-	-
State	(12,011)	-	-
Total deferred tax benefit	(80,968)	-	-
Total tax expense	$ 85,358	$ -	$ -

The nature of reconciling items between the Company's U.S. statutory income tax rate of 21% and the Company's effective income tax rate of 25.4% for the period from October 10, 2018 through December 31, 2018 primarily relates to federal and state tax expense on U.S. GAAP income.

NOTE 8 – INCOME TAXES (CONTINUED)

The components of the net deferred taxes are as follows:

	Successor	Predecessor
	December 31, 2018	December 31, 2017
Deferred tax assets		
Compensation accruals	$ 31,797	$ 7,825
Allowance for doubtful accounts	-	4,397
Loss carryforwards	-	6,149,924
Total deferred tax assets	31,797	6,162,146
Deferred tax liabilities		
Prepaid expenses	(83,502)	(106,960)
Deferred rent asset	-	(19,243)
Depreciation	-	(280,530)
Amortization of intangibles	-	(3,043)
Intangible assets	(39,793)	-
Other differences	-	(34,161)
Total deferred tax liabilities	(123,295)	(443,937)
Valuation allowance	-	(5,718,209)
Net deferred tax liability	$ (91,498)	$ -

At December 31, 2017, the Predecessor has deferred tax assets which approximated $6,162,100, substantially representing federal and state net operating loss carryforwards (which begin to expire in 2032), and deferred tax liabilities which approximated $443,900, substantially representing depreciable assets. Management believed the deferred tax assets were not realizable for the Predecessor and applied a full valuation allowance of approximately $5,718,200 at December 31, 2017. The Company did not acquire the federal and state operating loss carryforwards of the Predecessor as part of the Asset Acquisition. As of December 31, 2017, the Predecessor was no longer subject to federal or state income tax examinations for years before 2014, except with regard to the unutilized net operating losses carried forward from such period.

NOTE 9 – RELATED PARTY TRANSACTIONS

Lease agreement – related party

The Predecessor leased a 5,000 square foot facility which includes a restaurant, lounge and bar located on the Hotel property to a related party though common ownership. The term of the lease is for 10 years and commenced in April of 2013. The lease agreement was assumed by the Successor as of the date of the Asset Acquisition.

The following is a schedule of aggregate future minimum rental income payments required by the related-party lease:

Years ending December 31,	
2019	$ 132,000
2020	145,200
2021	145,200
2022	145,200
2023	39,930
	$ 607,530

Related-party rental income approximated $35,600, $99,100 and $132,000 for the period October 10, 2018 through December 31, 2018, the period January 1, 2018 through October 9, 2018, and for the year ended December 31, 2017, respectively.

Management agreement – related party (Successor only)

Concurrent with the Asset Acquisition, the Company entered into a management agreement with a related party through common ownership. Under the terms of the agreement, the Company shall pay a quarterly base management fee in an amount equal to 1.50% of the Company's Equity, less certain operating expenses of the Company, as defined. The Company shall also pay an annual incentive fee equal to the excess of: (i) 25% of excess core earnings of the Company for the previous 12-month period over 7% of the Company's equity in the previous 12-month period, over (ii) the sum of any incentive fees paid in the first three calendar quarters of the previous 12-month period.

Related party management fees were approximately $268,000 for the period October 10, 2018 through December 31, 2018. As of December 31, 2018, $317,000 is included in "Accrued expenses" on the accompanying balance sheet.

NOTE 9 – RELATED PARTY TRANSACTIONS (CONTINUED)

Notes receivable – related party (Predecessor only)

In June, August, September, and October 2018, the Predecessor entered into a series of promissory notes with a related party through common ownership (the "Borrower"). Under the terms of the agreements, the Borrower shall owe the Predecessor in aggregate $6,100,000, plus interest computed at the defined fixed rate ranging from 2.38% to 2.55% per annum. Under the terms of the Asset Acquisition agreement, these amounts were excluded from the assets acquired by the Company.

Management agreement – related party (Predecessor only)

In January 2015, the Predecessor entered into a management agreement with a related party through common ownership. Under the terms of the amended agreement, the Predecessor shall pay $64,000 per month plus reimbursement for all expenses incurred in providing the services, as defined in the agreement. The term of the agreement is for twelve months and renews automatically unless written notice of termination is given no less than 60 days prior to the last day of the then-current term. Related party monthly management fees were $594,600 and $768,000 for the period January 1, 2018 through October 9, 2018 and for the year ended December 31, 2017, respectively. In addition, a $650,000 and $500,000 incentive fee were paid during the period and year ended January 1, 2018 through October 9, 2018 and December 31, 2017, respectively.

Offering costs – related party (Predecessor only)

During the year ended December 31, 2017, the Predecessor incurred $293,300 of one time offering costs with a related party through common ownership which is included in "General and administrative" on the accompanying statements of operations. As of December 31, 2017, $293,300 is included in "Accrued expenses" on the accompany balance sheet.

Note payable – related party (Predecessor only)

On April 14, 2017, the Predecessor borrowed $1,649,558 from a related party through common ownership for distributions to the shareholder and on July 5, 2017, the Predecessor repaid the amount payable.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

Legal proceedings

The Company is subject to legal proceedings that arise in the ordinary course of business. Although occasional adverse decisions or settlements may occur, management believes that the final dispositions of such matters will not have material adverse effects on the consolidated financial position, results of operations, or cash flows of the Company.

NOTE 10 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

Hotel management agreement

Concurrently with the initial purchase of the Hotel, the Predecessor entered into the Agreement with the Hotel Manager to operate all aspects of the Hotel through December 31, 2040. The Agreement provides the Hotel Manager with the right to extend the term of the Agreement for up to two additional 10-year terms. The Hotel Manager shall receive a management fee comprised of a base fee and an incentive fee. The base fee is 4% of gross operating revenue, as defined in the Agreement, plus 10% of the net operating income of all third party operated areas (as defined in the Agreement), for each month during the term (including any partial month at the commencement and expiration or termination of the term), provided that in no event shall the base management fee be less than $500,000 each year. The incentive fee is 20% of gross operating profit less base management fees, taxes, insurance, FF&E Reserve, and 10% of the owner's project costs, as defined in the Agreement, for capital improvements at the Hotel. The agreement also requires a reserve fund be maintained to ensure that funds are available for necessary capital improvements, which shall not exceed 4% of revenues per year. The Agreement provides for cancellation without termination charges if defined operating results are not being achieved, beginning with the third year of the Agreement.

As part of the Asset Acquisition, the agreement was assigned to the Company. Hotel management fee expense under the Agreement was $366,000, $2,348,000 and $2,390,000 for the period October 10, 2018 through December 31, 2018, the period January 1, 2018 through October 9, 2018, and for the year ended December 31, 2017, respectively. As of December 31, 2018 and 2017, $272,000 and $136,000, respectively are included in “Accrued expenses” on the accompanying balance sheet.

Operating leases

The Company has non-cancellable operating leases for equipment used in the operation of the Hotel. The leases expire at various dates through 2019. Future minimum lease payments under these leases for the year ending December 31, 2019 total $55,100.

Rent expense under operating leases was $66,800, $214,200, and $338,400 for the period October 10, 2018 through December 31, 2018, the period January 1, 2018 through October 9, 2018, and for the year ended December 31, 2017, respectively.

NOTE 11 – SUBSEQUENT EVENTS

Management has evaluated subsequent events from the consolidated balance sheet date through July 15, 2019, the date at which the consolidated financial statements were available to be issued.

PragerMetis

Aspen OP, LP and Subsidiaries (Successor)
315 East Dean Associates, Inc. and Subsidiaries (Predecessor)
Consolidated Financial Statements
December 31, 2019 and 2018

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Independent Auditor's Report

To the Board of Directors of
Aspen OP, LP

Prager Metis CPAs, LLC

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We have audited the consolidated financial statements of Aspen OP, LP and Subsidiaries (the "Successor") which comprise the consolidated balance sheet as of December 31, 2019 and the related consolidated statements of operations, changes in members' equity, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Aspen OP, LP and Subsidiaries as of December 31, 2019 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 12 to the consolidated financial statements, subsequent to the date of the consolidated financial statements on March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. Our opinion is not modified with respect to this matter.

Predecessor Auditor's Opinion on 2018 Financial Statements

The consolidated financial statements of Aspen OP, LP and Subsidiaries for the year ended December 31, 2018, and the periods January 1, 2018 through October 9, 2018, and October 10 through December 31, 2018 were audited by other auditors whose report, dated July 15, 2019, expressed an unqualified opinion on those consolidated financial statements.

Prager Metis CPAs, LLC

Prager Metis CPAs, LLC
New York, New York
April 30, 2020

Aspen OP, LP and Subsidiaries
Consolidated Balance Sheets
December 31, 2019 and 2018

Assets	**2019**	**2018**
Current assets		
Cash and cash equivalents	**$ 7,481,568**	$ 9,657,004
Restricted cash and cash equivalents	**2,140,144**	2,030,258
Receivables, net	**3,003,824**	4,529,111
Inventories	**453,815**	411,252
Prepaid expenses and other current assets	**996,034**	321,511
Other receivables	**381,455**	434,386
Total current assets	**14,456,840**	17,383,522
Non-current assets		
Property and equipment, net	**214,796,805**	219,746,744
Deposit and other assets	**247,249**	298,110
Total non-current assets	**215,044,054**	220,044,854
Total assets	**$ 229,500,894**	$ 237,428,376
Liabilities and members' equity		
Liabilities		
Current liabilities		
Accounts payable	**$ 913,522**	$ 1,506,064
Accrued expenses	**4,407,203**	4,766,474
Advanced deposits	**6,278,132**	6,620,138
Income tax payable	**-**	166,326
Total current liabilities	**11,598,857**	13,059,002
Non-current liabilities		
Notes payable	**136,827,444**	130,000,000
Deferred tax liability	**254,453**	91,498
Total liabilities	**148,680,754**	143,150,500
Members' equity		
Members' equity	**95,000,000**	95,000,000
Accumulated deficit	**(14,179,860)**	(722,124)
Total members' equity	**80,820,140**	94,277,876
Total liabilities and members' equity	**$ 229,500,894**	$ 237,428,376

The accompanying notes are an integral part of these consolidated financial statements.

Aspen OP, LP and Subsidiaries
Consolidated Statements of Operations
Year Ended December 31, 2019 and
Periods January 1, 2018 through October 9, 2018, and October 10 through December 31, 2018

	January 1, 2019 through December 31, 2019	October 10, 2018 through December 31, 2018	January 1, 2018 through October 9, 2018
Revenue			
Rooms	**$ 33,582,660**	$ 7,266,053	$ 24,758,751
Food and beverage	**9,960,044**	1,189,228	8,118,939
Other operating departments, rental, and other	**6,878,330**	1,143,494	5,639,142
Total revenue	**50,421,034**	9,598,775	38,516,832
Departmental costs and expenses			
Rooms	**6,369,554**	1,382,318	5,313,227
Food and beverage	**7,824,061**	1,542,837	6,173,885
Other operating departments, rental, and other	**3,716,687**	671,932	2,724,371
Total departmental costs and expenses, exclusive of depreciation shown below	**17,910,302**	3,597,087	14,211,483
Departmental income	**32,510,732**	6,001,688	24,305,349
Operating expenses			
General and administrative	**4,937,148**	694,620	3,690,302
Marketing and promotion	**3,611,836**	794,795	2,862,516
Repairs and maintenance	**2,215,028**	603,122	1,609,995
Corporate expenses	**825,823**	55,968	1,144,751
Utilities	**786,464**	114,315	489,026
Management fees – related party	**1,410,000**	267,952	1,226,000
Hotel manager fees	**3,330,362**	366,483	2,348,452
Property taxes	**1,442,592**	283,574	881,578
Depreciation and amortization	**6,546,958**	1,467,063	3,847,329
Total other expenses, net	**25,106,211**	4,647,892	18,099,949
Operating income	**7,404,521**	1,353,796	6,205,400
Other (income) expenses			
Interest expense	**7,911,646**	1,990,562	6,603,976
Other income	**-**	-	(126,829)
Total other (income) expenses	**7,911,646**	1,990,562	6,477,147
Loss before income taxes	**(507,125)**	(636,766)	(271,747)
Income tax expense	**5,615**	85,358	-
Net loss	**$ (512,740)**	$ (722,124)	$ (271,747)

The accompanying notes are an integral part of these consolidated financial statements.

Aspen OP, LP and Subsidiaries
Statements of Changes in Members' Equity
Year Ended December 31, 2019 and
Periods January 1, 2018 through October 9, 2018, and October 10 through December 31, 2018

	Common Stock		**Additional Paid-in**	**Accumulated**	**Members'**	**Total**
	Shares	**Amount**	**Capital**	**Deficit**	**Equity**	**Members' Equity**
Balance, January 1, 2018 (Predecessor)	50,000,000	$ 50,000,000	$ 3,391,452	$ (75,845,949)	$ -	$ (22,454,497)
Net loss	-	-	-	(271,747)	-	(271,747)
Contributions	-	-	-	32,000	-	32,000
Distributions	-	-	-	(2,282,218)	-	(2,282,218)
Balance, October 9, 2018 (Predecessor)	50,000,000	$ 50,000,000	$ 3,391,452	$ (78,367,914)	$ -	$ (24,976,462)
Elimination of Predecesor Equity	(50,000,000)	(50,000,000)	(3,391,452)	78,367,914	-	24,976,462
Balance, October 10, 2018 (Successor)	-	$ -	$ -	$ -	$ -	$ -
Issuance of OP units	-	-	-	-	95,000,000	95,000,000
Net loss	-	-	-	(722,124)	-	(722,124)
Balance, December 31, 2018 (Successor)	-	$ -	$ -	$ (722,124)	$ 95,000,000	$ 94,277,876
Net loss	**-**	**$ -**	**$ -**	**$ (512,740)**	**$ -**	**(512,740)**
Contributions	**-**	**-**	**-**	**5,004**	**-**	**5,004**
Distributions	**-**	**-**	**-**	**(12,950,000)**	**-**	**(12,950,000)**
Balance, December 31, 2019	**-**	**$ -**	**$ -**	**$ (14,179,860)**	**$ 95,000,000**	**$ 80,820,140**

The accompanying notes are an integral part of these consolidated financial statements.

Aspen OP, LP and Subsidiaries
Statements of Cash Flows
Year Ended December 31, 2019 and
Periods January 1, 2018 through October 9, 2018, and October 10 through December 31, 2018

	January 1, 2019 through December 31, 2019	October 10, 2018 through December 31, 2018	January 1, 2018 through October 9, 2018
Cash flows from operating activities			
Net loss	**$ (512,740)**	$ (722,124)	$ (271,747)
Adjustment to reconcile net loss to net cash provided by operating activities			
Depreciation and amortization	**6,546,958**	1,467,063	3,847,329
Amortization of deferred loan costs as interest expense	**18,140**	-	754,340
Change in market value of interest rate cap contracts	**104,932**	283,508	15,957
Deferred income taxes	**162,956**	(80,968)	-
Changes in working capital			
Receivables, net	**1,525,287**	(3,916,351)	4,309,268
Due from Hotel Manager	**-**	-	1,011,811
Inventories	**(42,563)**	(78,780)	38,096
Deposits and other assets	**(54,071)**	11,491	38,223
Other receivables	**52,931**	6,671	(669,659)
Prepaid expenses and other current assets	**(674,523)**	1,898,605	53,147
Accounts payable	**(592,542)**	1,275,845	(1,132,141)
Accrued expenses	**(359,272)**	1,523,034	(2,820,931)
Advance deposits	**(342,006)**	3,804,326	(3,854,499)
Income tax payable	**(166,326)**	166,326	-
Net cash provided by operating activities	**5,667,161**	5,638,646	1,319,194
Cash flows from investing activities			
Acquisition of property and equipment, net	**(1,597,019)**	(204,168)	(798,726)
Notes receivable – related party	**-**	-	(6,100,000)
Acquisition, net cash acquired	**-**	4,277,598	-
Net cash (used in) provided by investing activities	**(1,597,019)**	4,073,430	(6,898,726)
Cash flows from financing activities			
Proceeds from refinancing of debt, net of payment for debt financing costs	**6,809,304**	-	8,508,404
Contributions	**5,004**	-	32,000
Distributions	**(12,950,000)**	-	(2,282,218)
Payment for interest rate cap	**-**	-	(360,000)
Net cash (used in) provided by financing activities	**(6,135,692)**	-	5,898,186
Net increase (decrease) in cash, cash equivalents and restricted cash	**(2,065,550)**	9,712,076	318,654
Cash, cash equivalents and restricted cash – beginning of year	**11,687,262**	1,975,186	3,611,458
Cash, cash equivalents and restricted cash – end of year	**$ 9,621,712**	$ 11,687,262	$ 3,930,112
Cash, cash equivalents and restricted cash consists of			
Cash and cash equivalents	**$ 7,481,568**	$ 9,657,004	
Restricted cash and cash equivalents	**2,140,144**	2,030,258	
Cash, cash equivalents and restricted cash at year end	**$ 9,621,712**	**$ 11,687,262**	

The accompanying notes are an integral part of these consolidated financial statements.

Note 1 Corporate Information

Aspen OP, LP (the “Company” or the “Successor”) was organized on January 16, 2018 in the state of Delaware and is domiciled in the United States of America. On October 10, 2018 through a series of transactions, the Company acquired (the “Asset Acquisition”) the St. Regis Aspen Resort (the “Hotel”) from East Dean Associates, Inc. (“Predecessor”) and began operations. The term of the Company partnership shall continue perpetually unless it is dissolved pursuant to the provisions of the governing limited partnership agreement.

Hotel Acquisition

The Hotel acquired consists of land, building and site improvements. Substantially all of the fair value of the gross assets acquired in the Asset Acquisition were concentrated in a single identifiable group of similar assets and therefore was not considered a business. As such, the Company accounted for this transaction as an asset acquisition. The Company considers a group of similar assets to be tangible assets that are attached to and cannot be physically removed and used separately from another tangible asset without incurring significant cost or significant diminution in utility or fair value. The Company considers similar assets as assets that have a similar nature and risk characteristics.

The Hotel is comprised of 179 guest rooms, food and beverage facilities, meeting space, spa and fitness center, a restaurant and retail outlets. The Hotel’s business is seasonal, with operating peaks during the winter and summer seasons.

The Hotel is operated by Sheraton Operating Corporation (the “Hotel Manager”) under the terms of a long-term management agreement (the “Agreement”).

Note 2 Basis of Preparation

The consolidated financial statements for the period from January 1, 2018 through October 9, 2018 (the Predecessor period), represent the operations of the Predecessor prior to the Asset Acquisition and do not reflect the effects of purchase accounting adjustments. The consolidated financial statements and related notes as of December 31, 2019 and 2018, and for the year ended December 31, 2019 and for the period from October 10, 2018 through December 31, 2018 (the Successor period) reflect all purchase accounting adjustments resulting from the Asset Acquisition. Due to the change in basis as a result of the acquisition, the Predecessor consolidated financial statements are not comparable with those of the Successor.

The consolidated financial statements are stated in United States (“U.S.”) dollars and have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

Note 3 Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements as of December 31, 2019 and 2018, and for the year ended December 31, 2019 and for the periods from January 1, 2018 through October 9, 2018 and October 10, 2018 through December 31, 2018, include the accounts of the Successor and its wholly owned subsidiaries. The consolidated financial statements for the period from January 1, 2018 through October 9, 2018 include the accounts of the Predecessor and its wholly owned subsidiaries. All significant intercompany transactions have been eliminated in consolidation.

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. A significant portion of the Company's cash and cash equivalents is maintained at various financial institutions in amounts that may exceed federally insured limits of $250,000 per account; however, the Company limits its cash investments to high-quality financial institutions in order to minimize its credit risk. The Company has not experienced any losses and does not believe it is exposed to any significant risk on cash and cash equivalent balances.

Amounts in-transit from credit card processors are considered cash equivalents because they are both short-term and highly liquid in nature and are typically converted to cash within two days of the sales transaction. There was approximately $673,000 and $693,000 in credit card receivables included in cash and cash equivalents as of December 31, 2019 and 2018, respectively.

Restricted Cash and Cash Equivalents

Restricted cash represents required amounts to be reserved under the terms of the note payable agreement for improvements and real estate taxes under the management agreement.

Restricted cash and cash equivalents consisted of the following:

	December 31,	
	2019	**2018**
Property and equipment reserve – cash equivalent	$ 1,861,587	$ 1,216,208
Real estate tax reserve – cash	278,557	814,050
	$ 2,140,144	$ 2,030,258

The property and equipment reserve is classified as a cash equivalent and held at fair value. Refer to Note 5 – *Fair Value of Financial Instruments* for additional information.

Note 3 Summary of Significant Accounting Policies (continued)

Receivables

Accounts receivable is comprised of amounts due from hotel guests and amounts due from individuals or companies for banquets and other events provided by the Hotel. The Company provides an allowance for doubtful accounts, as necessary, for accounts deemed potentially uncollectible. An allowance for doubtful accounts is determined based on the age of the account balances, the creditworthiness of the customer and collection history. Accounts receivable fare charged off when the balance is determined to be uncollectible. Given the short-term nature of receivables, the Company generally does not charge interest on outstanding balances.

Due from Hotel Manager

Beginning in the fourth quarter of 2017, all cash collections related to guest stays and events at the Hotel were deposited directly to an account maintained by the Hotel Manager. Amounts held by the Hotel Manager were due upon demand. In the third quarter of 2018, the Predecessor and the Hotel Manager ceased the depository arrangement.

Residence Club Receivable

Located on the same lot but separate from the Hotel are certain condominium units owned and operated by a third party (the “Residence Club”). Historically, the Residence Club was owned and operated by the Hotel Manager. In May 2016, the Hotel Manager sold the Residence Club to a third party. The relationship with the Hotel Manager (and, by extension the Residence Club during the time the Hotel Manager owned the Residence Club) is contractual, and while certain rights of authority have been conveyed through the hotel management agreement, the Hotel Manager does not significantly influence the management or operating policies of the Hotel or related party manager.

Under the terms of the hotel management agreement, the Hotel incurs cash expenditures at the direction of the Hotel Manager related to the operations of the Residence Club. The cash expenditures incurred by the Hotel on behalf of the Residence Club include allocated shared payroll costs, food and beverage and other departmental staff, utilities and shared services costs (including laundry, fitness center and transportation) and any direct costs for repairs and maintenance, as applicable, based on the terms outlined within the hotel management agreement. It is the responsibility of the Hotel Manager to provide these services to the Residence Club, and the cash expenditures incurred by the Hotel are subject to reimbursement. Under ASC Topic 606, *Revenue Recognition*, such transactions are accounted for on a net basis in the capacity as an agent whereby we do not receive any benefit or obligation from the Residence Club, other than the reimbursement of the cash expenditures.

The amounts refunded from the Residence Club approximated $3,585,000, $855,000, and $2,491,000 for the year ended December 31, 2019, for the period October 10, 2018 through December 31, 2018, and for the period January 1, 2018 through October 9, 2018, respectively. As of December 31, 2019 and 2018, the amounts due from the Residence Club approximated $381,000 and $434,000, respectively, and are included in “Other receivables” on the accompanying consolidated balance sheets.

Note 3 Summary of Significant Accounting Policies (continued)

Fair Value of Financial Instruments

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Under the standard, "fair value" is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When measuring fair value, an entity considers the characteristics of the asset or liability and if a market participant would consider those characteristics when pricing the asset or liability at the measurement date.

When measuring fair value, an entity is required to maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

As of December 31, 2019 the recorded amount of restricted cash and cash equivalents, receivables, inventories, prepaid expenses and other, other receivables, deposits and other assets, accounts payable, accrued expenses, and advanced deposits approximated fair value because of the short-term nature of the instruments.

Note 3 Summary of Significant Accounting Policies (continued)

Derivative Instruments

In conjunction with executed debt agreements in June 2018, the Predecessor purchased an interest rate cap agreement which was assumed by the Company as of the date of the Asset Acquisition. In December 2019, the Successor renewed the interest rate cap, which as of December 31, 2019, had a notional amount of $150,000,000 to manage the exposure to interest rate movements on the restructured variable-rate debt when one-month LIBOR exceeds 3.0%, and the agreement matures on July 2022. As of December 31, 2019, the one month-LIBOR was approximately 1.7%. The Predecessor paid $360,000 for this interest rate cap and the fair value as of December 31, 2019 was $29,000.

These derivatives are not designated as a hedge and do not qualify for hedge accounting. Accordingly, changes in fair value of the interest rate cap are recognized as interest expense. The investment in the interest rate cap is included in “Deposits and other assets” on the accompanying consolidated balance sheets.

Inventories

Inventories consist of food, beverage, and spa gift shop items and are stated at the lower of cost or net realizable value using the first-in, first-out method. Operating stock, which represents items such as china, glassware, silver, and linen is expensed when placed in service.

Property and Equipment

Property and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Significant additions or improvements affecting the costs of the assets are capitalized. All other repair and maintenance costs are recognized in the consolidated statements of operations as incurred.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statements of operations when the asset is derecognized.

The assets’ residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively, if appropriate.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Category	Term
Building	55 years
Building improvements	25, 35, 39 and 44 years
Furniture, fixtures, and equipment	4 and 7 years

Note 3 Summary of Significant Accounting Policies (continued)

Impairment

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of the hotel property may not be recoverable. Events or circumstances that may cause a review include, but are not limited to, adverse permanent changes in the demand for lodging at the properties due to declining economic conditions and/or new hotel construction where the hotel is located. When such conditions exist, management performs an analysis to determine if the estimated undiscounted future cash flows from operations and the proceeds from an ultimate disposition of the hotel property exceeds its carrying value. If the estimated undiscounted future cash flows are found to be less than the carrying amount of the asset, an adjustment to reduce the carrying amount to the hotel property's estimated fair market value would be recorded and an impairment loss recognized.

The Company also re-evaluates the periods of depreciation to determine whether subsequent events and circumstances warrant revised estimates of useful lives. As of December 31, 2019, the Company expects these assets to be fully recoverable.

Lending Costs

Lending costs are costs incurred in connection with the Predecessor's debt financings that have been capitalized and amortized as interest expense over the stated maturity period of the related debt, on a straight-line basis, which approximated the effective interest method. As a result of purchase accounting, the fair value of the $1,264,000 unamortized lending costs associated with the assumed debt of the Successor was determined to be zero and was not included as an acquired asset in the Asset Acquisition.

Revenue Recognition

The Company recognizes revenue daily when earned, on the close of each business day, which is at the time rooms, food and beverage, or spa or other services are provided. Amounts received in advance of guest-stays are reflected as "Advance deposits" in the accompanying consolidated balance sheets. Cancellation revenue is recognized at the time the customer cancels the event and receives no future credit or promise of service. Revenues are reported net of occupancy and other taxes collected from customers and remitted to governmental authorities.

The Company leases restaurant and retail space to unaffiliated tenants and a related party. The leases are cancellable by the Company with three to six months' notice and provide for minimum rental increases. For these leases, the aggregate rental income over the lease term is recognized on a straight-line basis over the lease term. The difference between the income receivable in any year and the amount received under the lease during that year is recorded as a deferred rent on the Company's balance sheet and has been included in "Deposits and other assets" on the accompanying consolidated balance sheets, which will reverse over the lease term.

Note 3 Summary of Significant Accounting Policies (continued)

Deferred rent as of December 31, 2019 and 2018 approximated $74,000 and $57,000, respectively. The leases expire at varying dates ranging from August 2019 to October 2023.

The following is a schedule of aggregate future minimum rental income payments required by these leases:

Years Ending December 31,	
2020	$ 460,890
2021	435,564
2022	445,651
2023	268,753
	$ 1,610,858

Rental income was approximately $293,800, $158,300, and $466,100 for the year ended December 31, 2019, the period October 10, 2018 through December 31, 2018, and the period January 1, 2018 through October 9, 2018, respectively. Refer to Note 9 – *Related Party Transactions* for additional information.

Income Taxes

Deferred tax assets and liabilities are recorded for the estimated future tax effects of temporary differences between the tax basis of assets and liabilities and amounts reported in the accompanying balance sheet, as well as operating loss carry-forward. Deferred tax assets are reduced by a valuation allowance if current evidence indicates that it is considered more likely than not that these benefits will not be realized. The Predecessor and Successor use a recognition threshold and measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For tax benefits to be recognized, a tax position related to the benefit must be more likely than not to be sustained upon examination by taxing authorities. Further, the Predecessor and Successor have elected to classify any interest and penalties relating to such items as part of its income tax expense or benefit.

In examining its tax positions under this standard, all entities in the consolidated financial statements assume their positions will be examined by the appropriate taxing authority and the taxing authority will have full knowledge of all relevant information. The technical merits of the entities' tax positions are derived from sources of authorities in the tax law (legislation and statutes, legislative intent, regulations, rulings, and case law) and their applicability to the facts and circumstances of the tax positions. Past administrative practices and precedents of the taxing authority in its dealings with the entities and similar enterprises that are widely understood have also been taken into account.

Note 3 Summary of Significant Accounting Policies (continued)

Each tax position has been evaluated without consideration of the possibility of offset or aggregation with other positions. Based on this evaluation, no unrecognized tax benefits have been recorded in the accompanying consolidated financial statements. In the event the Company is subject to interest and/or penalties, interest will be included in interest expense and penalties will be classified as income tax expense in the period incurred. No penalties or interest related to underpayment of income tax have been incurred for the year ended December 31, 2019 or the period from January 1, 2018 through October 9, 2018, while $600 in penalties were incurred for the period October 10, 2018 through December 31, 2018.

On December 22, 2017, the United States enacted tax reform legislation commonly referred to as the Tax Cuts and Jobs Act ("the Tax Act"). The Tax Act made broad and complex changes to the U.S. tax code, including a reduction of the corporate income tax rate to 21% effective January 1, 2018, among others. The Company was required to recognize the effect of the tax law changes in the period of enactment, such as re-measuring U.S. deferred tax assets and liabilities. In December 2017, the SEC staff issued Staff Accounting Bulletin No. 118, Income Tax Accounting Implications of the Tax Cuts and Jobs Act ("SAB 118"), which allowed the Predecessor to record provisional amounts during a measurement period not to extend beyond one year of the enactment date. During the predecessor period ended October 9, 2018, the Predecessor finalized its accounting for the impacts of tax reform and did not recognize any additional expense or benefit as the revaluation was fully offset by the valuation allowance.

As an LP, the Company is organized and operates so as to qualify as a partnership for United States federal income tax purposes, and not as an association or publicly traded partnership taxable as a corporation. Therefore, the Company generally is not subject to United States federal income tax at the entity level. Holders of the Company's units will be required to take into account their allocable share of each item of the Company's income, gain, loss, deduction, and credit for the taxable year of the Company ending within or with their taxable year. However, the Company has a wholly owned domestic subsidiary that is taxable as a corporation. The Company accounts for the subsidiary's income taxes under the asset and liability method.

While management believes the Company has adequately provided for all tax positions, amounts asserted by taxing authorities could materially differ from the Company's accrued positions as a result of uncertain and complex application of tax regulations. Additionally, the recognition and measurement of certain tax benefits includes estimates and judgment by management which inherently includes subjectivity. Accordingly, additional provisions on federal and state tax related matters could be recorded in the future as revised estimates are made by the Company or underlying matters are settled or otherwise resolved.

Recently Issued Accounting Standards

From time to time, the Financial Accounting Standards Board ("FASB") or other standards-setting bodies issue new accounting pronouncements. Updates to the FASB Accounting Standards Codification are communicated through issuance of an Accounting Standards Update ("ASU").

Note 3 Summary of Significant Accounting Policies (continued)

In February 2016, the FASB issued Accounting Standards Update No. 2016-02, *Lease*s (Topic 842), (ASU 2016-02), effective for fiscal years beginning after December 15, 2020. ASU 2016-02 replaces the existing guidance in ASC Topic 840, *Leases* (ASC 840), and requires a dual approach for lessee accounting under which a lessee would account for leases as finance leases or operating leases. Both finance leases and operating leases will result in the lessee recognizing a right-of-use (ROU) asset and a corresponding lease liability. For finance leases, the lessee would recognize interest expense and amortization of the ROU asset and for operating leases, the lessee would recognize a straight-line total lease expense. The Company is currently evaluating the impact of adopting this accounting standards update on its consolidated financial statements.

We continuously monitor and review all current accounting pronouncements and standards from the FASB of U.S. GAAP for applicability to our operations. As of December 31, 2019, there were no other new pronouncements or interpretations that had or were expected to have a significant impact on our operations.

Recently Adopted Accounting Standards
In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*, and has subsequently issued several supplemental and/or clarifying ASUs (collectively known as "ASC 606"). The objective of the new standard is to establish a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and will supersede most of the existing revenue recognition guidance, including industry-specific guidance. The new standard requires an entity to recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Company adopted this standard during the year ended December 31, 2019 with no material impact on its consolidated financial statements.

In November 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows: Clarification of Certain Cash Receipts and Payments*. The objective of ASU 2016-15 will require that a statement of cash flows explain the change during the period in the totals of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The Company adopted this standard during the year ended December 31, 2019.

Note 4 Asset Acquisition

During the year ended December 31, 2018 consideration for the Asset Acquisition included $95,000,000 in OP units of the Company. In connection with the Asset Acquisition, the assets and liabilities of the Hotel were recorded at their estimated fair values with the excess value above the purchase price of approximately $2,660,000 being recorded as a reduction of the relative fair value of the non-monetary long-lived assets. The total purchase price of $95,000,000 included cash and cash equivalents of $4,277,598 and the remaining $90,722,402 was allocated as follows:

Restricted cash and cash equivalents	$ 1,975,186
Receivables	612,760
Inventories	332,472
Prepaid expenses and other	2,220,116
Other receivables	441,057
Property and equipment	221,009,639
Deposits and other assets	593,109
Accounts payable	(230,219)
Accrued expenses	(3,243,439)
Advanced deposits	(2,815,813)
Deferred tax liability	(172,466)
Note payable	(130,000,000)
Net assets acquired	$ 90,722,402

Property and Equipment
The Company determined the fair value of property and equipment using the cost, income, and comparative sale methods based on the asset class. This resulted in the carrying value of the property and equipment as of the Asset Acquisition date to be the estimated fair value, which was then reduced for the excess value above the purchase price.

Note Payable
The carrying value of the assumed note payable approximated fair value and was valued using a Level 1 input, specifically the borrowing rates available to the Company as of the Asset Acquisition date.

Note 5 Fair Value of Financial Instruments

The financial instruments of the Company consist of cash and cash equivalents, money market mutual fund accounts and other receivables, accounts payable, and the note payable. The carrying amount of cash and cash equivalents, accounts and other receivables and accounts payable approximates fair value because of their short maturities. The carrying amount of the note payable approximates its fair value as the interest rate is adjusted regularly based on current market conditions.

Note 5 Fair Value of Financial Instruments (continued)

The following tables present the carrying value and fair value, by fair value hierarchy, of the financial instruments at December 31, 2019 and 2018, respectively.

	As of December 31, 2019			
	Total Fair Value	**Level 1**	**Level 2**	**Level 3**
Money market mutual fund	**$ 1,861,587**	**$ 1,861,587**	**$ -**	**$ -**
Total	**$ 1,861,587**	**$ 1,861,587**	**$ -**	**$ -**

	As of December 31, 2018			
	Total Fair Value	**Level 1**	**Level 2**	**Level 3**
Money market mutual fund	$ 1,216,208	$ 1,216,208	$ -	$ -
Total	$ 1,216,208	$ 1,216,208	$ -	$ -

A market approach fair value methodology is used to value the money market mutual fund cash equivalent. The money market mutual fund value is based on quoted prices in active markets for identical assets and is therefore defined as a Level 1 asset within the same class of nature and risk. To calculate NAV, the fund's assets are valued, and liabilities are subtracted, and the balance is divided by the number of shares outstanding and the fund's value is considered readily determinable. As of December 31, 2019 and 2018, cost basis was equivalent to fair value.

Note 6 Property and Equipment

Property and equipment consist of the following:

	December 31,	
	2019	**2018**
Land	**$ 68,071,884**	$ 68,071,884
Buildings	**120,024,973**	120,024,973
Site improvements	**17,260,906**	15,692,875
Furniture, fixtures and equipment	**17,424,075**	17,424,075
	222,781,838	221,213,807
Less accumulated depreciation	**(7,985,033)**	(1,467,063)
	$ 214,796,805	$ 219,746,744

Note 6 Property and Equipment (continued)

Depreciation expense approximated $6,518,000 for the year ended December 31, 2019, and $1,467,000 and $3,847,000 for the period from October 10, 2018 through December 31, 2018 and the period from January 1, 2018 through October 9, 2018, respectively.

Note 7 Accrued Expenses

The following table sets forth the components of the accrued liabilities in the accompanying consolidated balance sheets:

	December 31,	
	2019	**2018**
Accrued employee compensation and benefits	**$ 1,633,683**	$ 1,239,819
Accrued real estate taxes payable	**1,485,114**	1,134,296
Accrued sales and use taxes payable	**622,845**	835,142
Other accrued liabilities	**665,561**	1,557,217
Total accrued expenses	**$ 4,407,203**	$ 4,766,474

Note 8 Note Payable

Predecessor

In April 2017, the Predecessor refinanced the mortgage with the current lender and obtained a new $120,000,000 note payable from the lender. The note matured in April 2019 with three successive one-year options to extend the scheduled maturity date pursuant to certain conditions set forth in the agreement. The note payable was interest only and bore interest at the greater of 0.99% or one-month LIBOR plus 4.55%. The note was collateralized by all assets of the Predecessor. In addition, the note was personally guaranteed by the Predecessor's chief executive officer and a parent company entity controlled by the chief executive officer. The Predecessor was subject to certain financial reporting covenants applicable for quarterly periods during which the note was outstanding.

On June 20, 2018, the Predecessor entered into a $99,000,000 mortgage term loan with the JP Morgan Chase Bank, National Association and a $31,000,000 mezzanine term loan with Garfield Co Trust. Both term loans mature on July 9, 2020 and include three successive options to extend the term an additional year. Interim principal payments are not required. Both loans bear interest at a rate per annum equal to the sum of LIBOR plus the applicable LIBOR spread (defined as 2.29% and 7.35% for each agreement respectively) which shall be paid monthly. The mortgage and mezzanine term loans are secured by assets of the Company, including a pledge of 100% of the Company's interest in all shares of capital stock. In connection with the execution of the agreements above, the Predecessor repaid all of the

Note 8 Note Payable (continued)

outstanding obligations with respect to the $120,000,000 notes payable and wrote off $526,000 in financing costs which represented the remaining unamortized costs as of the extinguishment date. In August 2018, the mortgage term loan was transferred from JP Morgan Chase Bank, National Association to PIMCO Bermuda Trust II: PIMCO Bermuda Income Fund (M).

Successor

The Company assumed the mortgage and mezzanine term loans in existence during the Predecessor period which had an outstanding balance of $99,000,000 and $31,000,000, respectively, as of December 31, 2018. In December 2019, the Successor refinanced the loans outstanding, paying off $31,000,000 of the mezzanine loan balance outstanding and taking additional advances on the mortgage loan. The new maturity date for both loans is July 2022 and the interest rate, 1-month Libor plus 3.39%. As of December 31, 2019, the mortgage loan had a balance outstanding of $138,749,000 and the mezzanine loan, a balance of $1,000.

The following table provides a schedule of minimum required debt repayments for the mortgage and mezzanine term loans:

Years Ending December 31,	Total
2020	$ -
2021	-
2022	138,850,000
	$ 138,850,000

The following table sets forth recorded interest expense for the Successor and Predecessor periods:

	January 1, 2019 through December 31, 2019	October 10, 2018 through December 31, 2018	January 1, 2018 through October 9, 2018
Debt-based interest expense	**$ 7,788,574**	$ 1,707,054	$ 5,833,679
Amortization of lending costs	**18,140**	-	227,883
Write-off of lending costs	**-**	-	526,457
Change in fair value of interest rate cap	**104,932**	283,508	15,957
Interest expense	**$ 7,911,646**	$ 1,990,562	$ 6,603,976

Note 9 Income Taxes

The components of income or loss subject to income taxes consist of the following:

	January 1, 2019 through December 31, 2019	October 10, 2018 through December 31, 2018	January 1, 2018 through October 9, 2018
U.S. operations	**$ 861,256**	$ 336,683	$ (271,747)

The components of income taxes from operations for the Successor period for the year ended December 31, 2019 and the period from October 10, 2018 through December 31, 2018 and the Predecessor period for the period from January 1, 2018 through October 9, 2018 consist of the following:

	January 1, 2019 through December 31, 2019	October 10, 2018 through December 31, 2018	January 1, 2018 through October 9, 2018
Current			
Federal	**$ (127,733)**	$ 135,095	$ -
State	**(29,608)**	31,231	-
Total current tax expense (benefit)	**(157,341)**	166,326	-
Deferred			
Federal	**140,113**	(68,957)	-
State	**22,843**	(12,011)	-
Total deferred tax benefit (expense)	**162,956**	(80,968)	-
Total tax expense	**$ 5,615**	$ 85,358	$ -

The nature of reconciling items between the Company's U.S. statutory income tax rate of 21% and the Company's effective income tax rate of approximately 1% for the year ended December 31, 2019 and 25.4% for the period from October 10, 2018 through December 31, 2018 primarily relates to reversal of prior year tax accruals.

Note 9 Income Taxes (continued)

The components of net deferred taxes are as follows:

	December 31,	
	2019	**2018**
Deferred tax assets		
Compensation accruals	**$ 31,559**	$ 31,797
Net operating losses carryforward	**223,783**	-
Total deferred tax assets	**255,342**	(51,705)
Deferred tax liabilities		
Allowance for doubtful accounts	**(753)**	-
Depreciation	**(372,114)**	-
Amortization of intangibles	**(42,703)**	-
Prepaid expenses	**(94,225)**	(83,502)
Intangible assets	**-**	(39,793)
Total deferred tax liabilities	**(509,795)**	(123,295)
Net deferred tax liability	**$ (254,453)**	$ (91,498)

The Company did not acquire the federal and state operating loss carryforwards of the Predecessor as part of the Asset Acquisition. As of December 31, 2019, the Predecessor was no longer subject to federal or state income tax examinations for years before 2016, except with regard to the unutilized net operating losses carried forward from such period.

Note 10 Related Party Transactions

Lease Agreement – Related Party

The Predecessor leased a 5,000 square foot facility which includes a restaurant, lounge and bar located on the Hotel property to a related party though common ownership. The term of the lease is for 10 years and commenced in April of 2013. The lease agreement was assumed by the Successor as of the date of the Asset Acquisition.

Note 10 Related Party Transactions (continued)

The following is a schedule of aggregate future minimum rental income payments required by the related party lease:

Years Ending December 31,		
2020	$	145,200
2021		145,200
2022		145,200
2023		39,390
	$	474,990

Related-party rental income approximated $133,500, $35,600, and $99,100 for the year ended December 31, 2019, the period October 10, 2018 through December 31, 2018, and the period January 1, 2018 through October 9, 2018, respectively.

Management Agreement – Related Party (Successor Only)
Concurrent with the Asset Acquisition, the Company entered into a management agreement with a related party through common ownership. Under the terms of the agreement, the Company pays a quarterly base management fee in an amount equal to 1.50% of the Company's equity, less certain operating expenses of the Company, as defined. The Company also pays an annual incentive fee equal to the excess of: (i) 25% of excess core earnings of the Company for the previous 12-month period over 7% of the Company's equity in the previous 12-month period, over (ii) the sum of any incentive fees paid in the first three calendar quarters of the previous 12-month period.

Related party management fees were approximately $1,410,000 and $268,000 for the year ended December 31, 2019 and for the period October 10, 2018 through December 31, 2018, respectively. As of December 31, 2019, $70,089 is included in accrued expenses on the accompanying consolidated balance sheet.

Notes Receivable – Related Party (Predecessor Only)
In June, August, September, and October 2018, the Predecessor entered into a series of promissory notes with a related party through common ownership (the "Borrower"). Under the terms of the agreements, the Borrower owes the Predecessor in aggregate $6,100,000, plus interest computed at the defined fixed rate ranging from 2.38% to 2.55% per annum. Under the terms of the Asset Acquisition agreement, these amounts were excluded from the assets acquired by the Company.

Note 10 Related Party Transactions (continued)

Management Agreement – Related Party (Predecessor Only)

In January 2015, the Predecessor entered into a management agreement with a related party through common ownership. Under the terms of the amended agreement, the Predecessor pays $64,000 per month plus reimbursement for all expenses incurred in providing the services, as defined in the agreement. The term of the agreement is for twelve months and renews automatically unless written notice of termination is given no less than 60 days prior to the last day of the then-current term. Related party monthly management fees were $594,600 for the period January 1, 2018 through October 9, 2018. In addition, a $650,000 incentive fee was paid during the period and year ended January 1, 2018 through October 9, 2018.

Note 11 Commitments and Contingencies

Legal Proceedings

The Company is subject to legal proceedings that arise in the ordinary course of business. Although occasional adverse decisions or settlements may occur, management believes that the final dispositions of such matters will not have material adverse effects on the consolidated financial position, results of operations, or cash flows of the Company.

Hotel Management Agreement

Concurrently with the initial purchase of the Hotel, the Predecessor entered into the Agreement with the Hotel Manager to operate all aspects of the Hotel through December 31, 2040. The Agreement provides the Hotel Manager with the right to extend the term of the Agreement for up to two additional 10-year terms. The Hotel Manager receives a management fee comprised of a base fee and an incentive fee. The base fee is 4% of gross operating revenue, as defined in the Agreement, plus 10% of the net operating income of all third-party operated areas (as defined in the Agreement), for each month during the term (including any partial month at the commencement and expiration or termination of the term), provided that in no event shall the base management fee be less than $500,000 each year. The incentive fee is 20% of gross operating profit less base management fees, taxes, insurance, property and equipment reserve, and 10% of the owner's project costs, as defined in the Agreement, for capital improvements at the Hotel. The agreement also requires a reserve fund be maintained to ensure that funds are available for necessary capital improvements, which shall not exceed 4% of revenues per year. The Agreement provides for cancellation without termination charges if defined operating results are not being achieved, beginning with the third year of the Agreement.

As part of the Asset Acquisition, the agreement was assigned to the Company. Hotel management fee expense under the Agreement was approximately $3,330,000, $366,000, and $2,348,000 for the year ended December 31, 2019, the period October 10, 2018 through December 31, 2018, and the period January 1, 2018 through October 9, 2018, respectively. As of December 31, 2019 and 2018, $32,000 and $272,000, respectively, are included in "Accrued expenses" on the accompanying consolidated balance sheets.

Note 11 Commitments and Contingencies (continued)

Operating Leases

The Company has non-cancellable operating leases for equipment used in the operation of the Hotel that expire at various dates through 2022.

The following is a schedule of aggregate future minimum lease payments required by these leases:

Years Ending December 31,		
2020	$	93,967
2021		93,967
2022		24,728
	$	212,662

Rent expense under operating leases was $334,000, $67,000, and $214,200 for the year ended December 31, 2019, for the period October 10, 2018 through December 31, 2018, and the period January 1, 2018 through October 9, 2018, respectively.

Note 12 Subsequent Events

Management has evaluated subsequent events from the consolidated balance sheet date through April 30, 2020, the date at which the consolidated financial statements were available to be issued.

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. The COVID-19 outbreak in the United States has resulted in travel restrictions in place and forced the St. Regis hotel to have an early closure in March 2020.

The extent of the impact of the COVID-19 on the Company's operational and financial performance will depend on future developments, including the duration and spread of the outbreak, related travel advisories and restrictions and the impact of the COVID-19 on tourism overall, all of which are highly uncertain and cannot be predicted.

There are still too many variables and uncertainties to make a reasonable forecast for 2020. If the travel restrictions and concerns over the outbreak continue for an extended period of time, they could materially impact the Company's overall financial performance.

ST. REGIS RESORT ASPEN

Performance Update - July 2020

GENERAL

For July, the occupation continued trending higher at a more encouraging pace than initially planned, leading to better results than expected. This is partly due to the fact that people are still looking to get away from big cities and prefer to spend time in locations like Aspen.

Bookings are also looking good prospectively for the month of August and already picking up for September.

Looking forward, an important fire in Grizzly Creek sparked on Aug. 10, provoking some air quality issues in Aspen. Road access to Aspen has been rendered more complicated as the I-70 highway has been closed since Aug. 10.

On a more positive note, Pitkin Coutny hasn't reported any new case of Covid-19 since August 7, which is an encouraging result that may be attributable to new precautions put in place recently.

ASPEN LIFE

Even if most events have been canceled, the city is very busy and people are having a great time.

HOTEL FINANCIALS

For the month of July, we saw a positive variance in total revenue versus revised forecast (+1,762k) coming mainly from a higher than expected occupancy rate (64% vs 31%). This higher occupancy rate logically drove the Cost of Sale slightly higher (+256k) than forecasted.

Please see attached St. Regis Resort Aspen's performance for July 2020 and highlights below. Note that performance highlights are in reference to the updated forecast integrating COVID-19 impacts to revenue:

• July closed out with a Total Revenue of $3.317M, compared favorably (+$1.762K, 113%) to the forecasted July revenue of $1,555K but still 50% inferior to the $6.606M achieved in July of last year.

• Net Surplus Cash for the month of July was $1,557K, a $1,561k improvement compared to the -$5K forecasted. The Net Surplus Cash in July 2020 compares negatively with the $2,773k number from July 2019.

• The Year to date combined Net Surplus Cash stood at USD5,209K representing a USD2,307k (+80%) increase to forecast, and a -USD5,540k (-52%) variance year over year.

Reminder: our assumption for our revised Forecast is that after a reopening on June 12th with a limited occupancy, the hotel ramps up operations slowly throughout the summer with appropriate safety and health measures. We are assuming that there will not be a "second wave" of COVID-19 and that we will enjoy a "new normal" winter season.

We will continue to monitor closely the evolution of the situation and are ready to react with agility in case anything needs to be adjusted.

ASPEN COIN STARTS TRADING ON tZERO!

The migration of the Aspen Coin to the Tezos Protocol has been finalized.

We are very excited to announce that we will have the Aspen Coins listed and traded on the tZERO ATS (Alternative Trading System). The first trading day will be August 24. Those of you that want to take an active role in trading the Aspen Coin should have by now opened their brokerage account at Dinosaur Securities and filled in the transfer form to authorize tZERO to take custody of their token. Let me know if you need any assistance to have your token ready to start trading.

Sincerely,

The Aspen Digital Team

The St. Regis Aspen Resort

Management Account Comparison Report

July/2020 (Actual) vs July/2020 (Fcst - June Open) and July/2020 (Actual) vs July/2019 (Actual)

	The St. Regis Aspen Resort	JUL - 2020 (Actual)	JUL - 2020 (Fcst - June Open)	JUL - 2019 (Actual)	Jul/2020 (A) VS Jul/2020 (Fcst) $ Δ	Jul/2020 (A) VS Jul/2020 (Fcst) % Δ	Jul/2020 (A) vs Jul/2019 (A) $ Δ	Jul/2020 (A) vs Jul/2019 (A) % Δ
A	**Total Revenue**	**$3,316,637**	**$1,554,705**	**$6,606,410**	***$1,761,932***	**113.33% ▲**	***($3,289,773)***	**(49.80%) ▼**
B	Cost Of Sales	$990,162	$734,247	$1,813,739	*$255,914*	34.85% ▲	*($823,577)*	(45.41%) ▼
C	Gross Operating Profit	$2,326,476	$820,458	$4,792,671	*$1,506,018*	183.56% ▲	*($2,466,196)*	(51.46%) ▼
	% Gross Operating Profit	70.15%	52.77%	72.55%	*$0*	32.92% ▲	*(2.40%)*	(3.31%) ▼
D	Administration Expenses	$462,381	$573,914	$1,022,242	*($111,532)*	(19.43%) ▼	*($559,861)*	(54.77%) ▼
E	Management Fees	$132,665	$65,879	$587,007	*$66,787*	101.38% ▲	*($454,342)*	(77.40%) ▼
F	**Gross Profit**	$1,731,429	$180,665	$3,183,422	*$1,550,764*		*($1,451,993)*	**(45.61%) ▼**
	% Gross Profit	52.20%	11.62%	48.19%	*$0*		*4.02%*	8.34% ▲
G	Rent	$23,915	$24,519	$19,246	*($603)*	(2.46%) ▼	*$4,669*	24.26% ▲
H	Taxes	$120,537	$120,216	$94,751	*$321*	0.27% ▲	*$25,786*	27.21% ▲
I	Insurance Expenses	$29,648	$39,925	$31,008	*($10,277)*	(25.74%) ▼	*($1,360)*	(4.39%) ▼
J	Owner'S Expenses	$816	$816	$816				
K	**EBITDA**	**$1,556,513**	**($4,810)**	**$3,037,601**	***$1,561,323***		***($1,481,088)***	**(48.76%) ▼**
	% EBITDA	46.93%	(0.31%)	45.98%	*$0*		*0.95%*	2.07% ▲
L	F.F.& E. Reserve			$264,256			*($264,256)*	(100.00%) ▼
M	Net Surplus Cash	$1,556,513	($4,810)	$2,773,345	*$1,561,323*		*($1,216,832)*	**(43.88%) ▼**
	'% Net Surplus Cash	46.93%	(0.31%)	41.98%	*$0*		*4.95%*	11.79% ▲

The St. Regis Aspen Resort

Comparison of Operating Statistics

July/2020 (Actual) vs July/2020 (Fcst - June Open) and July/2020 (Actual) vs July/2019 (Actual)

	The St. Regis Aspen Resort	JUL - 2020 (Actual)	JUL - 2020 (Fcst - June Open)	JUL - 2019 (Actual)	Jul/2020 (A) VS Jul/2020 (Fcst) $ Δ	Jul/2020 (A) VS Jul/2020 (Fcst) % Δ	Jul/2020 (A) vs Jul/2019 (A) $ Δ	Jul/2020 (A) vs Jul/2019 (A) % Δ
1	'% Occupancy Rate	63.87%	30.83%	89.67%	*33.03%*	107.13% ▲	*(25.81%)*	(28.78%) ▼
2	Average Room Rate	$714	$557	$811	*$157*	28.26% ▲	*($97)*	(11.96%) ▼
3	REVPAR	$456	$172	$728	*$285*	165.66% ▲	*($271)*	(37.30%) ▼
A	Total Revenue	$3,316,637	$1,554,705	$6,606,410	*$1,761,932*	113.33% ▲	*($3,289,773)*	(49.80%) ▼
B	EBITDA	$1,556,513	($4,810)	$3,037,601	*$1,561,323*		*($1,481,088)*	(48.76%) ▼
	% EBITDA	46.93%	(0.31%)	45.98%	*47.24%*		*0.95%*	2.07% ▲
	Room Department							
	- Revenue	$2,531,781	$953,027	$4,037,643	*$1,578,754*	165.66% ▲	*($1,505,862)*	(37.30%) ▼
	- Department Profit	$2,130,545	$696,138	$3,474,516	*$1,434,407*		*($1,343,971)*	(38.68%) ▼
	- % Department Profit	84.15%	73.04%	86.05%	*11.11%*	15.21% ▲	*(1.90%)*	(2.21%) ▼
	Food & Beverage Department							
	- Revenue	$418,197	$412,514	$1,725,538	*$5,683*	1.38% ▲	*($1,307,342)*	(75.76%) ▼
	- Department Profit	$29,927	$81,986	$879,177	*($52,059)*	(63.50%) ▼	*($849,251)*	(96.60%) ▼
	- % Department Profit	7.16%	19.87%	50.95%	*-12.72%*	(63.99%) ▼	*(43.79%)*	(85.95%) ▼
	Spa Department							
	- Revenue	$202,484	$116,643	$473,584	*$85,840*	73.59% ▲	*($271,101)*	(57.24%) ▼
	- Department Profit	$44,452	($6,021)	$137,407	*$50,473*		*($92,955)*	(67.65%) ▼
	- % Department Profit	21.95%	-5.16%	29.01%	*27.12%*		*(7.06%)*	(24.34%) ▼
	Minor Operating Departments							
	- Revenue	$68,972	$25,417	$75,968	*$43,555*	171.37% ▲	*($6,996)*	(9.21%) ▼
	- Department Profit	$26,348	$1,250	$7,896	*$25,097*		*$18,452*	
	- % Department Profit	38.20%	4.92%	10.39%	*33.28%*		*27.81%*	