

Baker Tilly Revisa S.p.A.

Società di Revisione e
Organizzazione Contabile
50129 Firenze - Italy
Via Cavour 81

T: +39 055 2477851
F: +39 055 214933

PEC: bakertillyrevisa@pec.it
www.bakertilly.it

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Relais Borgo Santo Pietro S.r.l.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**Opinion**

We have audited the financial statements of Relais Borgo Santo Pietro S.r.l. (the Company), which comprise the balance sheet as of 31 December 2018, the income statement and statement of cash flows for the year then ended and related notes.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2018, and of the result of its operations and cash flows for the year then ended in compliance with the Italian laws governing the criteria for their preparation.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of this report. We are independent of the Company pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Informative call

Without modifying our judgement, we draw attention to the following informative note in the explanatory notes:

Transfer of branch of business

"On 10 December 2018 in front of the Notary D'Ambrosio the company Bottega del Buon Caffè s.r.l. was established through the conferment of the business branch of Relais Borgo Santo Pietro s.r.l. formed by the activities and liabilities related to the restaurant called "La Bottega del Buon Caffè". The relative investment is recorded in the financial statements for € 1.150.000".

Capital gain from transfer of branch of business

"The contribution described in the previous point allowed a capital gain of € 309.929,76 to be recorded in the income statement".

Rental of the business unit

"On 10 December 2018 the company Bottega del Buon Caffè s.r.l., with effect from 1 January 2019, rented the company to Relais Borgo Santo Pietro s.r.l."

Sale of shares in Bottega del Buon Caffè s.r.l.

"Relais Borgo Santo Pietro s.r.l. has sold its stake in the Bottega del Buon Caffè s.r.l. to the company F.G.V. LTD at a price of € 1.150.000. Relais Borgo Santo Pietro s.r.l. maintained an option on the repurchase of the equity investment".

Financing

"In January 2019 the company benefited from a loan of € 2.820.000 resulting from a 10-year bullet loan contract at 5.2%. The disbursing company is the subsidiary of the Borgo Lifestyle Holding group in the name of Borgo Lifestyle Finance plc, a Malta's company that issued a bond loan in Malta stock exchange";

Tax payables

"In January 2019 the company filed a petition for the scrapping of two folders which should result in a tax savings of around € 52.000. Tax payables amount to € 889.773.20 as of December 31, 2018. "

Other aspects

This report is not issued under the law, given the fact that the company Borgo lifestyle Group S.r.l., in the year ended 31/12/2018, was not obligated to the former statutory audit ex. Art. 2477 of the Civil Code.

The company, as required by the law, has included in the explanatory notes the essential data of the company's last budget which carries out the management and coordination activities. The assessment of the company Relais Borgo Santo Pietro S.r.l. does not extend to such data.

Responsibility of the Directors and the Board of Statutory auditors for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with the Italian laws governing the criteria for their preparation and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Company's ability to continue as a going concern and, in preparing the financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Company's financial reporting process.

Auditor's Responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate,

they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

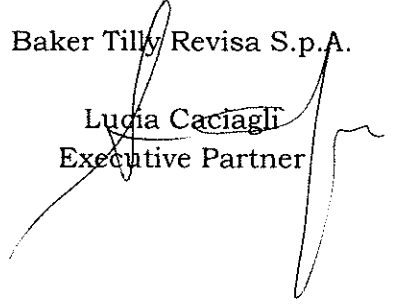
As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised our professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- We obtained an understanding of internal control relevant to the audit 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 Company's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- We concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- We evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

Florence, 27 June 2019

Baker Tilly Revisa S.p.A.



Lucia Caciagli
Executive Partner