

**INDEPENDENT AUDITOR'S REPORT
IN ACCORDANCE WITH ARTICLES 14 OF LEGISLATIVE
DECREE NO.39 OF 27 JANUARY 2010**

To the Shareholders of
Relais Borgo Santo Pietro S.p.A.

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Relais Borgo Santo Pietro S.p.A. (the Company), which comprise the balance sheet as of 31 December 2020 the income statement and statement of cash flows for the year then ended and related notes.

In our opinion, the financial statements provide a true and fair representation of the equity and financial situation of Relais Borgo Santo Pietro S.p.A. as at 31 December 2020, the economic result and cash flows for the year ended on that date in accordance with the Italian regulations governing the drafting criteria.

Basis for opinion

Our responsibilities under these standards are further described in the Responsibilities of the Auditing Firm for the Audit of the Financial Statements section of this report. We are independent from the Company in accordance with the rules and principles on ethics and independence applicable in the Italian legal system to the audit of the financial statements. We believe we have acquired sufficient and appropriate audit evidence on which to base our qualified opinion.

Informative call

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

Revaluation

"In the financial year ending 31.12.2020, the company revalued the properties according to the revaluation of the historical cost only.

The overall value of the properties derives from the Engel & Volkers appraisal for a total of € 25,001,060.

This valuation is verified on the entire property complex which therefore takes into account all the properties belonging both to THOTTRUP CLAUS and to the company itself. Considering the purchase and sale commitment taken by the company with the minutes dated 06/03/2019 in which the property owned by THOTTRUP CLAUS was valued at € 13,000,000, the difference in value is to be attributed to the property belonging to the same company, therefore, at 12,001,060 euros. The company, in compliance with the accounting principles, has entered the related revaluation reserve in the financial statements equal to € 3,049,060. It should also be noted that the depreciation carried out in 2020 does not admit the value of the revaluation, in compliance with the accounting principles. For a better understanding of the values and for the identification of the subdivision of the revaluation between the building and the underlying land, the following table is provided:

Description	%	Post Revaluation Value	Book Value 31.12.2019	Difference
GROUND	20%	2.400.212	1.259.986	1.140.226
BUILDING	80%	9.600.848	7.692.014	1.908.834
TOTAL	100%	12.001.060	8.952.000	3.049.060

Furthermore, it should be noted that art. 6-bis, expressly aimed at “supporting the hotel and spa sectors”, allowed the recognition of higher values in the financial statements without paying the substitute tax exclusively for subjects operating in these sectors. Therefore, the higher values recorded are also recognized for tax purposes without, therefore, deferred taxes having to be accounted for. ”

Patrimonial situation

During 2020, work continued on the expansion of the Relais Borgo Santo Pietro structure in the Municipality of Chiusdino. The year closed with a loss of 1.1 million euros with a turnover of 2.8 million euros compared to 7.2 million euros in 2019. This sharp contraction is due in particular to the health emergency from Covid-19. The pandemic, in fact, had a negative impact on the economic and financial performance of the company and at the same time did not allow the completion of the works.

The good economic performance of 2021 allowed the company to improve in percentage terms all the data for 2019, start actions to reduce bank debt and keep the tax and social security installments in place.

To date, the good performance of 2021, the taking of initiatives to contain the burdens deriving from the pandemic and compliance with the industrial plan highlight positive prospects on the performance of the company.

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.

REPORT ON COMPLIANCE WITH OTHER LAWS AND REGULATIONS

Opinion in accordance with article 14, paragraph 2, letter e) of Legislative Decree No. 39/10

The directors of Borgo Santo Pietro S.p.A. are responsible for preparing a report on operations of Borgo Santo Pietro S.p.A as of 31 December 2020, including its consistency with the relevant financial statements and its compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations with the financial statements of Borgo Santo Pietro S.p.A. as of 31 December 2020 and on its compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations is consistent with the financial statements of Borgo Santo Pietro S.p.A. as of 31 December 2020 and is prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Florence, 27 September 2021

Baker Tilly Revisa S.p.A.



Lucia Caciagli
Executive Partner

This report has been translated into English from the Italian original solely for the convenience of international readers