

Registre de Commerce et des Sociétés

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**BELAIR HOUSE
Société Anonyme**

**2, boulevard Grande-Duchesse Charlotte
L-1330 Luxembourg**

R.C.S. Luxembourg B 183.782

**Annual accounts as at 31 December 2016 and
Independent auditor's report**

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Banque Internationale à Luxembourg S.A.

Belair House S.A. (the "Company")

Shareholder Report

To Belair House Shareholder,

Belair House S.A. (the "Company") was incorporated in Luxembourg on 10 January 2014 as a limited company under Luxembourg law. As at 31 December 2016, the subscribed capital of the Company amounts to EUR 2.750.000 and is divided into 2.750.000 shares without par value. The Company is 100% owned by Banque Internationale à Luxembourg S.A. (« the Shareholder »).

The Ministerial approval was obtained on 6th February 2014. It grants the Company the right to engage in the following activities, pursuant to articles 24, 24-1, 24-2, 24-3 and 28-6 of the Law of 5 April 1993 on the financial sector (as amended).

- Investment Management
- Brokerage in financial instruments
- Commissioning
- Wealth Management
- Family Office

The Company executed for the first time a family governance mission. Such activity is included in the 11 pillars presented to the Commission de Surveillance du Secteur Financier during the filing for license. The Company confirmed its strength in providing missions such as in investment portfolio, matchmaking, wealth structuring and real estate management. Finally, the Company realised 87% of the revenues planned in the Business Plan, showing a strong progress compared to 2015. The expenses remained 12% under the budget. The main reason of the gap compared to the 2016 Business Plan, is due to the commercial team not being fully staffed during the year. The net result is in line with the Business Plan. Belair House achieved in 2016 its first break-even year, as planned in the initial Business Plan.

The capital of the Company was increased by 250.000 EUR, during 2016. The most significant missions/projects the Company worked on, were successfully completed during the last month of the year. Consequently, the available financial resources rose to a comfortable level in December 2016 (47%). As the Company achieved a break-even position in 2016 with some missions completed in December 2016, it is expected that the available financial resources stay permanently over 25% of the subscribed capital.

The Board of Directors informs the Shareholder on the following:

- no events occurred after the closing date (31 December 2016), that may affect the proper functioning of the Company;
- the Company will continue its marketing strategy and will continue to look for new opportunities,
- the Company performs no activity in research and development;
- the Company has not acquired any own shares during the year 2016;
- the Company has no branches or subsidiaries,
- the Company employs 7 staff members (i.e. 6.55 FTE), as at 31 December 2016.

Key figures of the balance sheet as at 31 December 2016 are shown hereunder

Total balance sheet	1.902 714 EUR
Result for 2016	64 795 EUR
Result carried over from previous years	-1.519.035 EUR
Global result as of 31st December 2016	-1.454 240 EUR

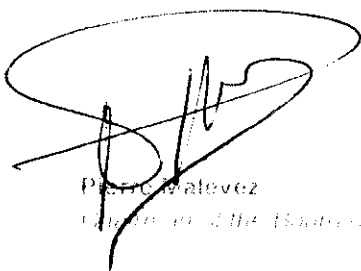
Therefore, the Board of Directors proposes to allocate the 2016 result as follows.

- Results carried forward. -1.454 240 EUR (loss)

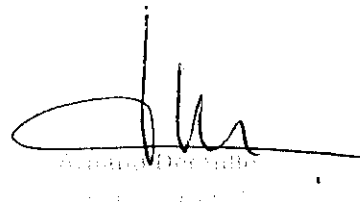
The Board of Directors proposes to the annual General Meeting of Shareholders to give full and entire discharge to the directors and to the external auditor for the financial year under review, and to renew the mandates of the directors, as well as the mandate of the external auditor for a period of one year, expiring after the annual General Meeting of Shareholders of 2018.

On 31 December 2016 ended the initial 3-year business plan of Belair House. Results achieved during this period are in line with the forecasts and allowed Belair House to enter into a new development phase until 2019. The main targets are the continuation and finalisation of the ramp-up phase, thanks to the strengthening of the existing relationship with Belair House's clients and the recruitment of new family officers. The services offering will remain unchanged, and revenues are expected to grow steadily leading to a profitability in line with the industry.

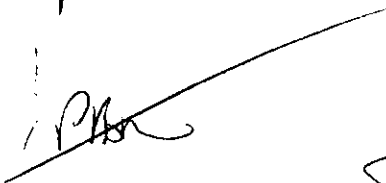
Executed in Strasbourg, the 12th



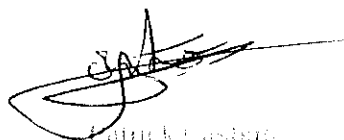
Pierre Malevez
Chairman of the Board of Directors



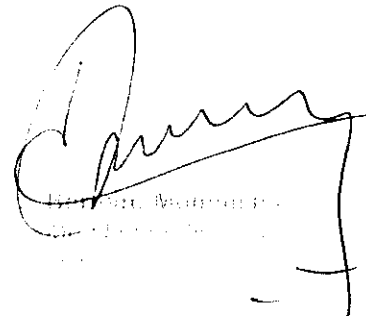
Armand Decaille
Chairman of the Board of Directors



Hans-Peter Borgh
Member of the Board of Directors



Patrick Luster
Member of the Board of Directors



Jean-François Marmont
Member of the Board of Directors



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Société anonyme

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Independent auditor's report

To the Board of Directors of
Belair House Société Anonyme
2 boulevard Grande-Duchesse Charlotte
L-1330 Luxembourg

Following our appointment by the General Shareholders we have audited the accompanying accounts of Belair House Société Anonyme, which comprise the balance sheet as at 31 December 2016 and the profit and loss account for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the annual accounts

The Board of Directors is responsible for the preparation and fair presentation of these accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the accounts and for such internal control as the Board of Directors determines is necessary to enable the preparation and presentation of accounts that are free from material misstatement, whether due to fraud or error.

Responsibility of the "réviseur d'entreprises agréé"

Our responsibility is to express an opinion on these accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the accounts. The procedures selected depend on the judgment of the "réviseur d'entreprises agréé", including the assessment of the risks of material misstatement of the accounts, whether due to fraud or error. In making those risk assessments, the "réviseur d'entreprises agréé" considers internal control relevant to the entity's preparation and fair presentation of the accounts 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 the Board of Directors, as well as evaluating the overall presentation of the accounts.

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



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Opinion

In our opinion, the accounts give a true and fair view of the financial position of Belair House Société Anonyme as of 31 December 2016, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

Report on other legal and regulatory requirements

The management report, which is the responsibility of the Board of Directors, is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

ERNST & YOUNG
Société anonyme,
Cabinet de révision agréé

A handwritten signature in black ink, appearing to be 'Jean-Michel Pacaud', written over a faint grid or background.

Jean-Michel Pacaud

Luxembourg, 26 April 2017

BELAIR HOUSE
Société Anonyme
Balance Sheet
As at 31 December 2016
(expressed in EUR)

ASSETS	Notes	31 December 2016	31 December 2015
FIXED ASSETS		72,855	129,808
<u>Intangible fixed assets</u>	3		
Concessions, patents, licences, trademarks and similar rights and assets		15,391	53,157
<u>Tangible assets</u>	3		
Other fixtures and fittings, tools and equipment		57,464	76,651
CURRENT ASSETS		1,825,327	1,698,948
<u>Debtors</u>			
Trade receivables			
- becoming due and payable within one year		1,678,427	863,573
Other receivables			
- becoming due and payable within one year		78,382	252,339
<u>Cash at bank and cash in hand</u>			
- with affiliated undertakings		68,518	583,036
PREPAYMENTS AND ACCRUED INCOME		4,532	3,868
TOTAL ASSETS		<u>1,902,714</u>	<u>1,832,624</u>

BELAIR HOUSE
Société Anonyme
Balance Sheet (continued)
As at 31 December 2016
(expressed in EUR)

LIABILITIES	Notes	31 December 2016	31 December 2015
CAPITAL AND RESERVES		1,295,760	980,965
Subscribed capital	4,6	2,750,000	2,500,000
Loss brought forward	6	(1,519,035)	(1,181,155)
Profit/(Loss) for the financial year	6	64,795	(337,880)
PROVISIONS	7	250,546	249,325
Provisions for taxation		13,095	8,195
Other provisions		237,451	241,130
NON SUBORDINATED DEBTS		259,489	404,484
<u>Creditors</u>			
Trade creditors			
- becoming due and payable within one year		27,661	47,192
Other creditors			
- becoming due and payable within one year		201,504	330,485
<u>Tax and social security debts</u>			
- Tax debts		1,605	1,605
- Social security debts		28,719	25,202
ACCRUALS AND DEFERRED INCOME		96,919	197,850
TOTAL LIABILITIES		<u>1,902,714</u>	<u>1,832,624</u>

BELAIR HOUSE
Société Anonyme
Profit and loss accounts
31 December 2016
(expressed in EUR)

INCOME	Notes	2016	2015
Net turnover	8	2,177,152	1,876,841
Other operating income	9	22,274	30,759
Interests and other financial income			
- Other interest and similar financial income		11,811	939
Loss for the financial year		-	337,880
TOTAL INCOME		<u>2,211,237</u>	<u>2,246,419</u>
CHARGES	Notes	2016	2015
Other external charges	10	446,838	518,550
Staff costs	13		
Salaries and wages		1,314,589	1,162,549
Social security on salaries and wages		140,033	125,831
Supplementary pension costs		96,270	86,341
Value adjustments on tangible and intangible fixed assets	3	62,069	60,311
Other operating charges	11	51,663	265,787
Interest and other financial charges			
- Other interest and similar financial charges		9,938	3,478
Extraordinary charges		220	-
Income tax	12	-	1,605
Other taxes	12	24,822	21,967
Profit for the financial year		64,795	-
TOTAL CHARGES		<u>2,211,237</u>	<u>2,246,419</u>

BELAIR HOUSE
Société Anonyme
Notes to the accounts
31 December 2016
(expressed in EUR)

Note 1 – General information

Belair House S.A. (the "Company") was incorporated in Luxembourg on 10 January 2014 as a limited company under Luxembourg law.

The purpose of the Company is to pursue all activities related to those of a wealth manager, an investment advisor, broker in financial instruments, a family office, and, in this context, a broker in movable and immovable, in any form and all related operations there.

The Company also aims to hold equity interests in any form whatsoever, in Luxembourg and foreign companies and any other form of investment, the acquisition by purchase, subscription or in any other manner as well as transfer by sale, exchange or otherwise of securities of any kind and the administration, management, control and development of its portfolio.

The Company may further guarantee, grant security, give loans or assist in any other way the companies in which it holds a direct or indirect interest or right of any nature whatsoever or are part of the same group of companies as the company within the meaning of the law of 5 April 1993 on the financial sector.

The Company may raise funds, including by borrowing in any form or by issuing all kinds of bonds, securities or debt instruments guaranteed bonds or debentures, and in general by issuing securities of any type.

The Company may engage in any activity of commercial, industrial, financial, real estate or intellectual property it considers useful for the accomplishment of these objects.

The registered office of the Company is established in the city of Luxembourg, Grand Duchy of Luxembourg.

The financial year of the Company begins on 1 January of each year and ends on 31 December of the same year.

The Company is included in the consolidated accounts of Pioneer Holdings S.A. forming the largest body of undertakings of which the Group forms part as a subsidiary undertaking. The registered office of that company is located in 15, Boulevard Franklin Roosevelt, L-2450 Luxembourg.

The company is also included in the consolidated accounts of Banque Internationale à Luxembourg S.A. ("BIL") forming the smallest body of undertakings included in the body of undertakings referred to in the above-mentioned paragraph of which the Company forms part as a subsidiary undertaking. The registered office of that is located in 69, route d'Esch, L-2953 Luxembourg and the consolidated accounts are available at that address.

Going concern

As of 31 December 2016, the Company's net equity amounts to EUR 1,295,760 (included accumulated losses amounting to EUR 1,454,240) which is less than 50% of its share capital.

BELAIR HOUSE
Société Anonyme
Notes to the accounts (continued)
31 December 2016
(expressed in EUR)

Note 1 – General information (continued)

During the year ended 31 December 2016, the Company continued to develop its operations and entered into missions that significantly increased its turnover end of 2016 and in the first months of 2017.

The Company, projects to generate sufficient cash flows during the 2017 following the new partnerships the Company entered into during the financial year 2016. As a result, the Company does not intend to request additional funding from its ultimate Shareholders until the Shareholders meeting approving the annual accounts as of 31 December 2016. Accordingly, the Board of Directors has prepared these annual accounts on a going concern basis.

Note 2 – Significant accounting policies

Basis of presentation

The annual accounts have been prepared in accordance with Luxembourg legal and regulatory requirements.

Foreign currency translation

The Company maintains its books of accounts in Euro (EUR); the balance sheet and the profit and loss are expressed in that currency.

All transactions expressed in currencies other than EUR are translated into EUR at the rate prevailing at the dates of the transactions.

Formation expenses and fixed assets denominated in foreign currencies are valued using historical exchange rate in effect on the transaction date.

Cash in hand and bank accounts expressed in currencies other than EUR are translated into EUR at the exchange rates in effect at the balance sheet date. Exchange gains and losses are recognized in the profit and loss account.

Other assets and liabilities are individually valued at the lower, respectively above their value at the historical exchange rate or the value determined on the basis of exchange rates prevailing at the balance sheet date. Only unrealized exchange losses are recognized in profit and loss. Foreign exchange gains are recorded in the profit and loss at the time of realization.

Intangible fixed assets

Intangible fixed assets are stated at cost less accumulated depreciation and any accumulated impairment losses. Acquisition costs include expenses that are directly attributable to the acquisition of the asset.

Depreciation is calculated using the straight line method based on the estimated useful lives of the related assets and starts when the asset is available to be used as intended by the Company. The useful lives of intangible assets are:

- Software licenses 3 years.

BELAIR HOUSE
Société Anonyme
Notes to the accounts (continued)
31 December 2016
(expressed in EUR)

Note 2 – Significant accounting policies (continued)

Tangible fixed assets

Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Acquisition costs include expenses that are directly attributable to the acquisition of the asset.

Depreciation is calculated using the straight line method based on the estimated useful lives of the related assets and starts when the asset is available to be used as intended by the Company. When different significant parts of an asset have different useful lives, they are accounted for as separate items. Land is not depreciated.

The useful lives of tangible assets are as follows:

- Technical installations, furniture, other facilities: 3-5 years

Debtors

Debtors are valued at their nominal value less provision for any permanent depreciation in value. They are subject to value adjustments where their recovery is compromised. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

Provisions

Provisions for liabilities and charges are intended to cover losses or debts, the nature of which is clearly defined and which, at the date of the balance sheet are either likely to be incurred or certain to be incurred but uncertain as to their amount or as to the date on which they will arise.

Provisions may also be created to cover charges which originate in the financial year under review or in the previous year, the nature of which is clearly defined but uncertain as to their amount or the date on which they will arise.

Creditors

Creditors are included in liabilities at settlement value.

Provisions for taxation

Provisions for taxation corresponding to the difference between the tax liability estimated by the Company and the advance payments for the financial year for which the tax return has not yet been filed are recorded under the caption "tax debts".

Deferred income

This liability includes income received during the financial year but relating to a subsequent financial year.

BELAIR HOUSE
Société Anonyme
Notes to the accounts (continued)
31 December 2016
(expressed in EUR)

Note 3 – Tangible and Intangible fixed assets

In EUR	Concessions, patents, licenses, trademarks	Other fixtures and fittings, tools and equipment	Total
Gross book value – opening balance	113,300	117,246	230,546
Additions for the year	-	5,116	5,116
Disposals/transfers for the year	-	-	-
Gross book value as at 31 December 2016	<u>113,300</u>	<u>122,362</u>	<u>235,662</u>
Accumulated value adjustment – opening balance	(60,143)	(40,595)	(100,738)
Allocations for the year	(37,766)	(24,303)	(62,069)
Reversals for the year	-	-	-
Accumulated value adjustment – balance closing	(97,909)	(64,898)	(162,807)
Net book value as at 31 December 2016	<u>15,391</u>	<u>57,464</u>	<u>72,855</u>

BELAIR HOUSE
Société Anonyme
Notes to the accounts (continued)
31 December 2016
(expressed in EUR)

Note 4 – Subscribed Capital

According to the resolution of the Shareholder Extraordinary General Meeting dated July 25, 2016, the sole shareholder has acknowledged and confirmed that the capital has been increased by an amount of two hundred and fifty thousand euro (EUR 250,000) to two million and seven hundred and fifty thousand euro (EUR 2,750,000) by the issuance of the twenty five thousand (25,000) new shares of a par value of ten euro (EUR 10).

As at 31 December 2016, the subscribed capital of the Company amounts to EUR 2,750,000 and is divided into 275,000 shares fully paid.

Note 5 – Legal reserve

In accordance with Article 197 of the Company Law, the Company is required to allocate a minimum of 5% of the net profit to the legal reserve, until this reserve equal 10% of the subscribed capital. This reserve may not be distributed.

Note 6 – Capital and reserves

In EUR	Subscribe d capital	Legal reserve	Other reserve	Loss brought forward	Result for the financial year	Total
Balance as at 31 December 2015	2,500,000	-	-	(1,181,155)	(337,880)	980,965
Allocation of prior year's loss	-	-	-	(337,880)	337,880	-
Capital contribution as per EGM of 25 July 2016	250,000	-	-	-	-	250,000
Result for the financial year	-	-	-	-	64,795	64,795
Balance as at 31 December 2016	2,750,000	-	-	(1,519,035)	64,795	1,295,760

Note 7 – Provisions

7.1. Provisions for taxation

Provision for taxation is composed of a provision for Corporate Income Tax for EUR 1,605 (2015: EUR 1,605) and for Net Wealth Tax for EUR amounting to 11,490 (2015: EUR 6,590).

BELAIR HOUSE
Société Anonyme
Notes to the accounts (continued)
31 December 2016
(expressed in EUR)

Note 7 – Provisions (continued)

7.2. Other provisions

Other provisions may be broken down as follows:

In EUR	2016	2015
Provision for other external charges	51,049	72,857
Unpaid salaries and wages	186,402	168,273
	<u>237,451</u>	<u>241,130</u>

Note 8 – Net turnover

In EUR	2016	2015
Monitoring and Advice	101,050	101,475
Portfolio Management	436,036	550,399
Credit Advisory	-	51,400
Intermediation	662,261	565,000
Real Estate Management	187,805	70,667
Wealth planning and structuring support	740,098	472,900
Family governance support	25,000	44,625
Others	24,902	20,375
	<u>2,177,152</u>	<u>1,876,841</u>

Note 9 – Other operating income

During the year 2016, the other operating income consist of property rental income EUR 18,000 (2015: EUR 18,000), of a reversed provisions for an amount of EUR 873 (2015: EUR 12,759) and an adjustment to VAT Payable 2014+2015 for an amount of EUR 3,401.

BELAIR HOUSE
Société Anonyme
Notes to the accounts (continued)
31 December 2016
(expressed in EUR)

Note 10 – Other external charges

Other external charges are composed as follows:

In EUR	2016	2015
Rental and maintenance and related repair costs	130,043	132,329
Marketing, advertising and other similar charges	70,566	79,210
IT maintenance	70,672	66,987
Accounting fees	20,296	22,000
Audit fees	27,428	35,948
Fees and miscellaneous costs	127,833	182,076
Total	446,838	518,550

The Fees and miscellaneous costs consists mainly of CSSF fees EUR 20,000 (2015: EUR 20,000), Bloomberg Fees EUR 21,239 EUR (2015: EUR 17,348) and other staff and recruitments costs EUR 17,188 (2015: EUR 63,925).

Note 11 – Other operating charges

Other operating charges essentially consists of consulting fees paid by the Company.

Note 12 – Taxes

12.1. Income tax

The income tax charge for the year is as follows:

In EUR	2016	2015
Current income tax	-	1,605
Total	-	1,605

BELAIR HOUSE
Société Anonyme
Notes to the accounts (continued)
31 December 2016
(expressed in EUR)

Note 12 – Taxes (continued)12.2. Other taxes

In EUR	2016	2015
Net wealth tax	4,900	6,590
Other taxes	19,922	15,377
Total	24,822	21,967

Note 13 – Staff

The average number of staff employed by the Company during the year is as follows:

	2016	2015
Management	2	2
Other staff	5	8
Total	7	10

Note 14 – Off-balance sheet commitments

BIL S.A. transferred to Belair House S.A., the lease agreement with Crown Properties S.A.. This transfer is effective retroactively as of 1 February 2014 and will end on 30 September 2022, however the parties have the right to cancel the contract every 3 years. On 30 September 2019 the parties could exercise their right and consequently the commitments as of yearend amount to EUR 330,000 (2015: EUR 450,000).

Note 15 – Subsequent events

There are no significant post balance sheet events.

Note 16 – Related parties transactions

The Company does not enter into any transaction with affiliated undertakings that have not been concluded under normal market conditions.