

Registre de Commerce et des Sociétés

Numéro RCS : B172005

Référence de dépôt : L170108324

Déposé et enregistré le 27/06/2017

STELLAR HOTELS S.A.

Subscribed capital: EUR 58.093.200

15, boulevard Roosevelt

L-2450 Luxembourg

R.C.S. Luxembourg B 172005

Financial statements for the year ended 31 December 2015

Table of contents

	Pages
Management report	2 -3
Statutory auditor's report	4
Statement of financial position	5
Statement of comprehensive income	6
Statement of changes in equity	7
Statement of cash flows	8
Notes to the financial statements	9 – 30

STELLAR HOTELS S.A.

Statement of financial position
As at year ended 31 December 2015

Assets	Notes	31 December 2015	31 December 2014	1 January 2014
		EUR	(restated*)	(restated*)
		EUR	EUR	EUR
Non-current assets				
Investment in subsidiaries	5	151 473 411	95 380 211	95 380 211
Other loans	7	-	52 147 746	4 312 487
Current assets				
Short term loans to subsidiaries	6	168 701 424	-	-
Other current assets	7	-	25 716	788
Prepayments		7 500	8 625	8 625
Cash and cash equivalents		288 448	280 956	263 689
Total assets		320 470 783	147 843 254	99 965 800
Liabilities and equity				
Non-current liabilities				
Shareholders loan	9	166 446 828	50 233 645	41 394 288
Other non-current liabilities	8	112 231 040	-	-
Current liabilities				
Short term shareholders loan	9	39 779	105 791 615	99 197 714
Other loans	8	360 581	-	-
Trade payables		368 678	-	-
Provisions		62	62	62
Other current liabilities		18 655	10 905	111 669
Total liabilities		279 465 623	156 036 227	140 703 733
Equity				
Issued share capital	10	58 093 200	2 000 000	2 000 000
Retained earnings		(17 088 040)	(10 192 973)	(3 925 542)
Total equity		41 005 160	(8 192 973)	(1 925 542)

* refer to Note 2

The accompanying notes form an integral part of the financial statements.

STELLAR HOTELS S.A.

Statement of comprehensive income
For the year ended 31 December 2015

Expense	Notes	For the year ended 31	For the year ended 31
		December 2015	December 2014
		EUR	EUR
Administrative expense	11	(580 185)	(38 979)
Other operating expense		(36 766)	(9 665)
Operating loss		(616 951)	(48 644)
Finance income	12	81 279 735	9 731 167
Finance expenses	13	(87 554 641)	(15 946 744)
Loss before tax		(6 891 857)	(6 264 221)
Income tax expense	14	(3 210)	(3 210)
Loss for the period		(6 895 067)	(6 267 431)
Other comprehensive for the period, net of tax		-	-
Total comprehensive loss for the period, net of tax		(6 895 067)	(6 267 431)

The accompanying notes form an integral part of the financial statements.

STELLAR HOTELS S.A.

Statement of changes in equity
For the year ended 31 December 2015

	Issued capital EUR	Retained earnings EUR	Total EUR
As at 1 January 2014 (restated*)	2 000 000.00	(3 925 542.00)	(1 925 542.00)
Comprehensive loss for the period	-	(6 267 431.00)	(6 267 431.00)
As at 31 December 2014 (restated*)	2 000 000.00	(10 192 973.00)	(8 192 973.00)
Share capital increase	56 093 200.00	-	56 093 200.00
Comprehensive loss for the period	-	(6 895 067.00)	(6 895 067.00)
As at 31 December 2015	58 093 200.00	(17 088 040.00)	41 005 160.00

* Refer to Note 2

The accompanying notes form an integral part of the financial statements.

STELLAR HOTELS S.A.

Statement of cash flows
For the year ended 31 December 2015

Notes	For the period ended 31 December 2015 EUR	For the period ended 31 December 2014 EUR
Operating activities		
Loss before tax	(6 891 857)	(6 264 221)
<i>Adjustments to reconcile profit before tax to net cash flows</i>		
Exchange (gains) / losses	6 480 748	6 266 852
Interest and related income	12 (6 976 599)	(2 583 646)
Interest and related expenses	13 6 752 906	2 515 018
<i>Working capital adjustments</i>		
(Increase) / decrease in other current assets	26 841	(24 928)
Increase/(decrease) in other current liabilities and trade payables	737 009	(100 764)
Income tax paid	(787)	(1 663)
Net cash flows (utilised in) by operating activities	128 262	(193 352)
Investing activities		
Acquisition of a subsidiary	5 (56 093 200)	-
Loans to subsidiaries	(111 366 329)	(5 912 195)
Increase/(decrease) in other non current liabilities	95 380 211	-
Net cash flows (utilised in)/generated by investing activities	(72 079 318)	(5 912 195)
Financing activities		
Capital increase	10 56 093 200	-
Loans received from shareholders	15 847 718	6 105 504
Net cash flows generated by financing activities	71 940 918	6 105 504
Net increase/(decrease) in cash and cash equivalents	(10 138)	(43)
Cash and cash equivalents at the beginning of the period	280 956	263 689
Effect of exchange rate adjustments	17 630	17 310
Cash and cash equivalents at 31 December	288 448	280 956
Details of cash and cash equivalents		
Cash at bank	288 448	280 956

The accompanying notes form an integral part of the financial statements.

STELLAR HOTELS S.A.

Notes to the financial statements

As of 31 December 2015

Note 1 - General Information

STELLAR HOTELS S.A. (hereafter the "Company") was incorporated under the laws of Luxembourg on 16 October 2012 under the legal form of a "Société Anonyme" for an unlimited period of time (R.C.S. number B 172005). The Company increased its share capital twice, for the first time 20 December 2013 by EUR 1.969.000 and a second time 17 March 2015 by EUR 56.093.200. The subscribed share capital is of EUR 58.093.200 as at December 2015.

The registered office of the Company is established at 15, boulevard Roosevelt L-2450 Luxembourg. As of 29 May 2015, STELLAR HOTELS S.A. belongs to the group of PRIME CAPITAL S.A., a Luxembourg company incorporated on 1 October 2012. The Company is included in the consolidated financial statements of PRIME CAPITAL S.A., as is its sole shareholder Cornerstone Commercial Properties Holdings S.A..

The financial year covers the period from the first day of January and shall end on the thirty-first day of December of each year.

The Company's object is the acquisition of participations, in Luxembourg or abroad, in any company or enterprises in any form whatsoever and the management of those participations. It may participate in the creation, development, management and control of any company or enterprise.

The Company may borrow in any form. The Company may lend funds including, without limitations, the proceeds of any borrowings, to its subsidiaries, affiliated companies and other companies. Within the limits of its activity, the Company can grant mortgage, contract loans, with or without guarantee, and stand security for other persons or companies, within the limits of the concerning legal dispositions. The Company may take any measure to safeguard its rights and make any transactions which are directly or indirectly connected with its purposes and which are liable to promote its development or extension.

STELLAR HOTELS S.A.

Notes to the financial statements (continued)

As at 31 December 2015

Note 2 - Basis for preparation

The Company has prepared these financial statements in accordance with International Financial Reporting Standards as endorsed by the EU (“IFRS”) for the first time in 2015 and particularly in accordance with IAS27 provisions on financial statements. These financial statements have been prepared on an historical cost basis and on a going concern basis.

These financial statements were approved by the Board of Directors on 08 June 2017 under Luxembourg Law.

Note 3 - Summary of significant accounting policies

3.1. Functional and presentation currency

The Company’s functional currency is the Euro (“EUR”), which is the currency of the primary economic environment in which it operates. The Company’s performance is evaluated and its liquidity is managed in EUR. Therefore, the EUR is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The Company’s presentation currency is also the EUR.

3.2. Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is classified as current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Primarily held for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

The Company classifies all other assets as non-current.

A liability is classified as current when:

- It is expected to be settled in the normal operating cycle
- It is primarily held for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

STELLAR HOTELS S.A.

Notes to the financial statements (continued)

As at 31 December 2015

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3.3. Investment in subsidiaries

Subsidiaries are entities over which the Company has control. Associates are entities over which the Company has significant influence. Subsidiaries acquired are initially recognized at cost being the fair value of the consideration given plus any directly attributable costs. Subsequently, investments in subsidiaries and associates are accounted for at the lower of cost or net realisable value. At each reporting date, the Company examines the recoverability of investments in subsidiaries and associates when there are indications of impairment. Indications of impairment include such elements as decrease in income, profit or cash flows, significant adverse changes in economy, or in the political stability in a particular country that may indicate that the carrying value of an asset may not be recoverable. If the facts and circumstances indicate that the value of investments in subsidiaries and associates may be impaired, then the calculated discounted future cash flows related to these investments is compared to their carrying value to determine if a write-off in the value of the investments is necessary. The resulting impairment losses are recognized in the income statement.

Any dividend is recognized when the right to receive the dividend is established.

3.4. Financial assets

Financial assets in the scope of IAS 39 are classified based on their nature and their characteristics in one of the following four categories:

- financial assets at fair value through profit and loss,
- loans and receivables,
- held to maturity investments, and
- available for sale financial assets

Financial assets are recognized initially at cost which represents their fair value (plus, in certain cases, directly attributable acquisition/transaction costs).

The Company determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

The following category of financial asset as defined in IAS 39 is relevant in the Company's financial statements.

STELLAR HOTELS S.A.

Notes to the financial statements (continued)

As at 31 December 2015

3.4.1 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (“EIR”) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of comprehensive income. The losses arising from impairment are recognised in the statement of comprehensive income in finance expenses for loans and in cost of sales or other operating expenses for receivables.

3.5. Impairment of financial assets

The Company assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred ‘loss event’), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

3.6. Financial liabilities

Financial liabilities

Financial liabilities in the scope of IAS 39 are classified based on their nature and their characteristics in one of the following three categories:

- (i) financial liabilities at fair value through profit and loss,
- (ii) loans and borrowings, and
- (iii) payables

Financial liabilities are recognized initially at cost which represents their fair value, and in case of loans and borrowings net of directly attributable transaction costs.

The Company’s financial liabilities include trade and other payables, loans and borrowings

STELLAR HOTELS S.A.

Notes to the financial statements (continued)

As at 31 December 2015

Subsequent measurement of loans and borrowings

After initial recognition, loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance expenses in the statement of comprehensive income.

3.7. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle such asset and liability on a net basis, or to realize the assets and settle the liabilities simultaneously.

3.8. IFRS 13 Fair Value measurement

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

STELLAR HOTELS S.A.

Notes to the financial statements (continued)

As at 31 December 2015

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

3.9. Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and short-term deposits in banks that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, with original maturities of three months or less.

Short-term investments that are not held for the purpose of meeting short-term cash commitments and restricted margin accounts are not considered as 'cash and cash equivalents'.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts when applicable.

3.10. Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences, except:

STELLAR HOTELS S.A.

Notes to the financial statements (continued)

As at 31 December 2015

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

STELLAR HOTELS S.A.

Notes to the financial statements (continued)

As at 31 December 2015

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Current income tax expense consists of income taxes for the current year based on the Company's profit as adjusted in its tax returns and additional income taxes to cover potential tax assessments which are likely to occur from tax audits by the tax authorities, using the enacted or substantively enacted tax rates at the reporting date.

Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the income statement.

3.11. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of comprehensive income net of any reimbursement.

3.12. Interest and similar income and expense

Interest income and expense are recognised in the statement of comprehensive income for all interest-bearing financial instruments using the effective interest method.

3.13. Dividend

Dividend is recognised when the Company's right to receive the payment is established. Dividend is presented gross of any non-recoverable withholding taxes, which are disclosed separately in the statement of comprehensive income.

STELLAR HOTELS S.A.

Notes to the financial statements (continued)

As at 31 December 2015

Note 4 - Standards, Interpretations and amendments issued but not yet effective

The standards and interpretations that are issued by the IASB, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 1 February 2015. IFRS 9 has not been endorsed yet by the EU and the Group will assess the impact over its financial position and performance once it will be endorsed by the EU.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. IFRS 15 has not been endorsed yet by the EU and the Group will assess the impact over its financial position and performance once it will be endorsed by the EU.

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets.

STELLAR HOTELS S.A.

Notes to the financial statements (continued)

As at 31 December 2015

Note 4 - Standards, Interpretations and amendments (continued)

The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. Amendments to IAS 16 and IAS 38 has not been endorsed yet by the EU and the Company will assess the impact over its financial position and performance once it will be endorsed by the EU.

Annual improvements 2012-2014 Cycle

These improvements are effective from 1 January 2016 and are not expected to have a material impact on the Group. They include:

IFRS 5 Changes in methods of disposal

The amendment is applied prospectively and clarifies that changing from one of the two disposal methods of assets (or disposal groups) to the other, i.e. through sale or through distribution, should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. The amendment also clarifies that changing the disposal method does not change the date of classification.

IFRS 7 Servicing contracts

The amendment is applied prospectively and clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in paragraphs IFRS 7.B30 and IFRS 7.42C in order to assess whether the disclosures are required.

IAS 19 Regional market issue

The amendment is applied prospectively and clarifies that the obligation to recognize a post-employment benefit obligation for its defined benefit plans must be discounted using market rates on high quality corporate bonds or using government bond rates if a deep market for high quality corporate bonds does not exist. Market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bonds rates must be used.

STELLAR HOTELS S.A.

Notes to the financial statements (continued)

As at 31 December 2015

Note 5 – Investments in subsidiaries

Ownership (%)	Company name	Country of incorporation	Activity	31 December 2015	31 December 2014
				EUR	EUR
				carrying amounts	carrying amounts
100%	Capital Hill Hotels Limited	United Kingdom	Hotel business	95 380 211	95 380 211
100%	Havana Holdings (UK) Limited	United Kingdom	Hotel business	56 093 200	-
Total				151 473 411	95 380 211

On 17 March 2015 the Company acquired 100% of the share capital of Havana Holdings (UK) Limited, a company incorporated under UK law, which owns the Churchill Hotel in London.

The Management has performed the annual impairment test and decided that no adjustment is required.

STELLAR HOTELS S.A.

Notes to the financial statements (continued)

As at 31 December 2015

Note 6 – Long term and short term loans to subsidiaries**Short term receivables to subsidiaries**

	Currency	Maturity	Interest	31 December 2015 EUR	31 December 2014 EUR
Havana Holdings (UK) Limited	GBP	09/12/2016	8%	36 574 093	---
Havana Holdings (UK) Limited (2)	GBP	09/12/2016	8%	17 872 678	---
Havana Holdings (UK) Limited	GBP	09/12/2016	8%	4 345 707	---
Capital Hills Hotels Limited (1)	GBP	-	8%	109 908 946	---
Total				168 701 424	0

(1) The Capital Hill Hotels loan has been assigned by Cornerstone Commercial Properties Holdings on 3 August 2015. The total amount was of GBP 78.100.000 which corresponds to EUR 106.410.518 at the end of the Year, and an accrued interest of EUR 3.498.428.

(2) The interest free loan granted to Havana Holdings was converted as of 18 August 2015 to an interest bearing loan at 8% interest rate.

STELLAR HOTELS S.A.

Notes to the financial statements (continued)

As at 31 December 2015

Note 7 – Other non-current loans and current assets**Other long term loans**

	Currency	Maturity	Interest	31 December 2015 EUR	31 December 2014 EUR
Havana Holdings (UK) Limited	GBP	09/12/2016	8%	---	32 021 023
Havana Holdings (UK) Limited (2)	GBP	09/12/2016	-	---	16 326 626
Havana Holdings (UK) Limited	GBP	09/12/2016	8%	---	3 800 095
Total				---	52 147 746

Other current assets in 2014 are composed of EUR 25.716 of advances paid to suppliers. No such advance have been paid in 2015.

Note 8 – Other liabilities

Other non-current liabilities correspond to the purchase price for Havana Holdings of GBP 82.371.972 to be paid for the acquisition of a subsidiary from another linked company. The debt was later assigned to the beneficial owner but remains still unpaid.

Other loans are composed of advances made by the previous shareholder EUR 255.360 as well as of advances made by one of the subsidiaries for a total of EUR 105.221.

Note 9 - Shareholders loan

The fair value of the borrowings approximates the carrying amount.

Long term loans

	Currency	Maturity	Interest rate	31 December 2015 EUR	31 December 2014 EUR
Cornerstone Commercial Properties Holdings S.A.	GBP	---	7,833%	109 836 063	---
Cornerstone Commercial Properties Holdings S.A.	GBP	31/12/2018	7,833%	36 433 562	---
Cornerstone Commercial Properties Holdings S.A.	GBP	31/12/2018	7,833%	15 845 057	---
Cornerstone Commercial Properties Holdings S.A.	GBP	31/12/2018	7,833%	4 332 146	---
Prime Capital	GBP	---	7,833%	---	31 813 347

STELLAR HOTELS S.A.

Notes to the financial statements (continued)

As at 31 December 2015

Prime Capital	GBP	---	7,833%	---	14 486 250
Prime Capital	GBP	---	7,833%	---	3 934 048
Total				166 446 828	50 233 645

Existing loans have been assigned during the 2015 to the new shareholder Cornerstone Commercial Holdings S.A.. The loans have been received at the same time a new maturity date. The 109.836.063 EUR loan has no repayment date but has to be repaid when requested and that sufficient cash is available.

Short term payables (on demand)

		31 December 2015	31 December 2014
	Currency	EUR	EUR
Cornerstone Commercial Properties Holdings S.A.	EUR	39 779	---
Prime Capital	EUR	---	179 970
Prime Capital	GBP	---	105 611 645
Total		39 779	105 791 615

The Company had received an advance from Prime Capital S.A. without interest, which will be repayable on demand. Those advances have been reassigned to Cornerstone Commercial properties on 18 March 2015.

Note 10 - Issued share capital and reserves

As of 31 December 2015, the Company had not acquired any treasury shares.

On 16 October 2012 (incorporation date) the Company issued capital for an amount of EUR 31,000 represented by 310 shares with a par value of EUR 100 each. The initial share capital was fully subscribed and paid in.

Additional paid in capital

In December 2013, the shareholders of the Company decided to increase the share capital by EUR 1.969.000. The capital increase was paid in cash. An additional increase of the share capital was realized on 17 March 2015,

STELLAR HOTELS S.A.

Notes to the financial statements (continued)

As at 31 December 2015

when a contribution in kind of all the shares of Sandwood Worldwide LTD, sole shareholder of the Havana Holdings was signed for a total amount of EUR 56.093.200.

Legal reserve

In accordance with Luxembourg legal requirements, a minimum of 5% of the yearly net profit must be transferred to a legal reserve from which distribution is restricted. This requirement is satisfied when the reserve reaches 10% of the issued share capital.

Capital management

For the purpose of the Company's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to ensure the continuous smooth operation of its business activities and to maximize the shareholder value. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company is not subject to externally imposed capital requirements.

Note 11 – Administrative expenses

	31 December 2015 EUR	31 December 2014 EUR
Legal fees	(409 026)	---
Accounting fees	(34 200)	(11 787)
Other consulting fees	(136 710)	(27 025)
Other expenses	(249)	(167)
Total	(580 185)	(38 979)

Note 12 – Finance income

	31 December 2015 EUR	31 December 2014 EUR
Interest income on loans	6 976 599	2 583 646
Foreign exchange gains	18 209 936	7 147 521
Other financial income	(1) 56 093 200	---
Total	81 279 735	9 731 167

STELLAR HOTELS S.A.

Notes to the financial statements (continued)

As at 31 December 2015

(1) Other financial income corresponds to the dividend the company received from Sandwood Worldwide Limited, which was distributed in kind. Stellar Hotels received 100% of the shares of Havana Hotels Holdings (UK) Limited. As those shares were the only assets of Sandwood Worldwide, the company has been liquidated later the same year.

Note 13 – Finance expense

	31 December 2015 EUR	31 December 2014 EUR
Interest expenses on shareholders loans	(6 752 906)	(2 515 018)
Foreign exchange losses	(24 708 515)	(13 431 683)
Other (1)	(56 093 220)	(43)
Total	(87 554 641)	(15 946 744)

(1) Other financial expenses are linked to the other financial income. As Sandwood Worldwide distributed its only asset, a value adjustment of EUR 56.093.220 became necessary.

Note 14 – Income Tax

	31 December 2015 EUR	31 December 2014 EUR
Loss before taxes :	(6 891 857)	(6 264 221)
Nontaxable income :	(7 974 765)	(7 120 853)
Taxable result :	(14 866 560)	(13 385 074)
Tax expense at Luxembourg rate 2015 29,22% (2014: 29.22%)	(4 344 008)	(3 911 118)
Minimum tax expense	(3 210)	(3 210)
Net unrecognized deferred tax assets due to tax loss carry forward	(4 340 798)	(3 907 908)
Change in tax rate		
Total	(3 210)	(3 210)
Effective tax rate	-0.07%	-0.02%

STELLAR HOTELS S.A.

Notes to the financial statements (continued)

As at 31 December 2015

Note 15 – Related party transactions

All loans received and granted are related party transactions.

Note 16 - Financial risk management objectives and policies

The Company's principal financial liabilities comprise of loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company's principal financial assets include investment in subsidiaries, loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's management oversees the management of these risks. Due to the limited number of transactions and risks, the finance team of the Company support the Board of Directors in monitoring these risks and address them in due time. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken.

The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings and deposits.

Foreign exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company has an exposure to the risk of changes in foreign exchange rates as an important portion of the operations are financed in GBP. The Company financed those operations in GBP and has not put in place any specific strategy to mitigate the foreign exchange risk.

Foreign exchange risk is related to the loans received and granted in GBP. In case of variation of + 20% of the GBP, the result would decrease by EUR 11.388.623. Should the GBP decrease by 20 %, the result would increase by EUR 27.425.534.

STELLAR HOTELS S.A.

Notes to the financial statements (continued)

As at 31 December 2015

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates. The Company has not put in place any specific strategy in order to mitigate the exposures subject to interest rate risk.

A variation of 100 bps would result for the year 2015 in variations interest revenues and expenses on loans of:

	Interest receivables	Interest payables	Impact on Result
Increase of 100 bps	630 070	(622 924)	7 145
Decrease of 100 bps	(630 070)	622 924	(7 145)

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract leading to a financial loss. The company is mainly exposed to credit risk from its subsidiaries not be been able to redeem their loans and related interest.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations arising from its financial liabilities as they fall due. The Company monitors its risk to a shortage of funds by reviewing on a regular basis the cash needs of the Company.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, and shareholder loans. The Company assessed the concentration risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

STELLAR HOTELS S.A.

Notes to the financial statements (continued)

As at 31 December 2015

Liquidity analysis

		Less than 1 year	Between 1 to 5 years	More than 5 years
Shareholders loan	166 446 828	---	166 446 828	---
Short term shareholders loan	39 779	326 813	---	---
Interest payable in the future	14 920 499	9 068 569	5 851 930	---
Other current liabilities	18 655	18 655		
Trade payables	368 678	368 78	---	---

All financial assets, liabilities are level 3 instruments and the carrying amount approximates the fair value.

Note 17 – Commitments and contingencies

As of 31 December 2015 the Company has obligations as agreed upon in the Facility Agreement signed with Barclays Bank PLC, in which the Company, is a party as Parent of the borrowing companies.

Note 18 – Subsequent events

There are no significant subsequent events that occurred between the closing date and the date of the approval of this accounts.

Note 19 – Related party disclosures***Subsidiaries***

Name	Country of incorporation	% equity interest		As at 1 January
		2015	2014	2014
Capital Hills Hotels Limited	UK	100%	100%	100%
Havana Holdings (UK) Limited	UK	100%	-	-

Transactions with key management personnel

The management of the Company has not received any compensation for their mandates on the board of the Company.

STELLAR HOTELS S.A.

Notes to the financial statements (continued)

As at 31 December 2015

Note 20 – First-time adoption to IFRS**Reconciliation and remeasurements**

Equity reconciliation

Assets	Notes	LUXGAAP as at 1 January 2014 EUR	Remeasurements EUR	IRFS as at 1 January 2014 EUR
Non-current assets				
Investment in subsidiaries		95 380 211	-	95 380 211
Long term loans to subsidiaries		42 865 085	259 793	43 124 878
Current assets				
Other current assets		788	-	788
Prepayments		8 625	-	8 625
Cash and cash equivalents		263 689	-	263 689
Total assets		138 518 398	259 793	138 778 191
Liabilities and equity				
Non-current liabilities				
Shareholders loan		41 144 931	249 357	41 394 288
Current liabilities				
Short term shareholders loan		95 398 190	3 799 524	99 197 714
Provisions		62	-	62
Other current liabilities		111 669	-	111 669
Total liabilities		136 654 852	4 048 881	140 703 733
Equity				
Issued share capital		2 000 000	-	2 000 000
Retained earnings		(136 454)	(3 789 088)	(3 925 542)
Total equity		1 863 546	(3 789 088)	(1 925 542)
Total equity and liabilities		138 518 398	259 793	138 778 191

STELLAR HOTELS S.A.

Notes to the financial statements (continued)

As at 31 December 2015

Assets	Notes	LUXGAAP as at 31 December 2014 EUR	Remeasurements EUR	IRFS as at 31 December 2014 EUR
Non-current assets				
Investment in subsidiaries		95 380 211	-	95 380 211
Long term loans to subsidiaries		48 806 622	3 341 124	52 147 746
Current assets				
Other current assets		25 716	-	25 716
Prepayments		8 625	-	8 625
Cash and cash equivalents		280 956	-	280 956
Total assets		144 502 130	3 341 124	147 843 254
Liabilities and equity				
Non-current liabilities				
Shareholders loan		50 233 647	-	50 233 647
Current liabilities				
Short term shareholders loan		105 791 615	-	105 791 615
Provisions		62	-	62
Other current liabilities		10 905	-	10 905
Total liabilities		156 036 229	-	156 036 229
Equity				
Issued share capital		2 000 000	-	2 000 000
Retained earnings		(13 534 098)	3 341 124	(10 192 974)
Total equity		(11 534 098)	3 341 124	(8 192 974)
Total equity and liabilities		144 502 131	3 341 124	147 843 255

STELLAR HOTELS S.A.

Notes to the financial statements (continued)

As at 31 December 2015

Reconciliation of comprehensive income for the year ended 2014

Expense	Notes	LUXGAAP for the	Remeasurements	IFRS for the year
		year ended 31 December 2014		ended 31 December 2014
		EUR	EUR	EUR
Administrative expense		(38 979)	-	(38 979)
Other operating expense		(9 665)	-	(9 665)
Operating loss		(48 644)	-	(48 644)
Finance income		2 600 956	7 130 211	9 731 167
Finance expenses		(15 946 744)	-	(15 946 744)
Loss before tax		(13 394 432)	7 130 211	(6 264 221)
Income tax expense		(3 210)	-	(3 210)
Loss for the period		(13 397 642)	7 130 211	(6 267 431)
Other comprehensive for the period, net of tax		-	-	-
Total comprehensive loss for the period, net of tax		(13 397 642)	7 130 211	(6 267 431)