Hopetoun (No 1) Limited

Directors' report and financial statements

Year ended 31 December 2016

Registered number: 06044285

Hopetoun (No 1) Limited

Directors' report and financial statements

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Hopetoun (No 1) Limited

Directors and other information

Directors	Robert Gray Neal Morar Darren Guy (appointed 27 July 2016) John Brennan (appointed 27 July 2016)
Company secretary	Neal Morar
Registered office	17 Dominion Street London EC2M 2EF
Independent auditor	KPMG Chartered Accountants 1 Stokes Place St. Stephen's Green Dublin 2
Bankers	Lloyds Banking Group London Chief Office PO Box 54873 London SW1Y 5WX
Registered number	06044285

Hopetoun (No 1) Limited

Directors' report

The directors submit their directors' report together with the audited financial statements of Hopetoun (No 1) Limited (the "Company") for the year ended 31 December 2016.

Principal activity

The Company's principal activity during the year was that of property investment.

Going concern

The directors are of the opinion that preparing the financial statements on a going concern basis is appropriate based on the forecast trading performance of the Company, and due to confirmation that has been received from LSREF 3 Laser (Mercure) Limited and in turn from LSREFIII Laser Investments DAC that the financing facilities provided will not require repayment for a period of at least twelve months from the date of signing the financial statements.

Results and dividends

The results of the Company for the year are set out in the profit and loss account on page 7 and in the related notes.

There were no dividends proposed during the year *(2015: £nil)*.

Directors and secretary and their interests

The directors of the Company who were in office during the year and up to the date of signing the financial statements were:

Robert Gray
Neal Morar
Darren Guy (appointed 27 July 2016)
John Brennan (appointed 27 July 2016)

The directors and secretary who held office at 31 December 2016 had no interests in the shares, loan stock or debentures of the Company or the entity's ultimate parent undertaking.

Subsequent events

There were no events subsequent to the balance sheet date that require adjustment to or disclosure in the financial statements.

Political donations

The Company made no political donations during the year *(2015: £nil)*.

Hopetoun (No 1) Limited

Directors' report *(continued)*

Disclosure of information to the auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Small companies' exemption

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006. These provisions entitled the directors' to an exemption from preparing a Strategic Report.

Independent auditor

During the year, KPMG was appointed auditor pursuant to Section 485 of the Companies Act 2006. Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG will therefore continue in office.

By order of the board

Neal Morar
Director

21 June 2017

Hopetoun (No 1) Limited

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

By order of the board

Neal Morar
Director

21 June 2017

KPMG

KPMG
Audit
1 Stokes Place
St. Stephen's Green
Dublin 2
D02 DE03
Ireland

Independent auditor's report to the members of Hopetoun (No 1) Limited

We have audited the financial statements of Hopetoun (No 1) Limited for the year ended 31 December 2016, set out on pages 7 to 18, which comprise the profit and loss account and other comprehensive income, the balance sheet, the statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) including FRS 101 *Reduced Disclosure Framework*. Our audit was conducted in accordance with International Standards on Auditing (ISAs) (UK & Ireland).

Opinions and conclusions arising from our audit

1 Our opinion on the financial statements is unmodified

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

2 Our conclusions on other matters on which we are required to report by the Companies Act 2006 are set out below

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the directors' report:

- we have not identified material misstatements in that report; and
- in our opinion, that report has been prepared in accordance with the Companies Act 2006.

3 We have nothing to report in respect of matters on which we are required to report by exception

Under ISAs (UK and Ireland) we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in respect of the above responsibilities.

KPMG

Independent auditor's report to the members of Hopetoun (No 1) Limited *(continued)*

Basis of our report, responsibilities and restrictions on use

As explained more fully in the statement of directors' responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2006. Our responsibility is to audit and express an opinion on the financial statements in accordance with UK law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

An audit undertaken in accordance with ISAs (UK & Ireland) involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Whilst an audit conducted in accordance with ISAs (UK & Ireland) is designed to provide reasonable assurance of identifying material misstatements or omissions it is not guaranteed to do so. Rather the auditor plans the audit to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements does not exceed materiality for the financial statements as a whole. This testing requires us to conduct significant audit work on a broad range of assets, liabilities, income and expense as well as devoting significant time of the most experienced members of the audit team, in particular the engagement partner responsible for the audit, to subjective areas of the accounting and reporting.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Eamon Dillon

21 June 2017

Eamon Dillon (Senior Statutory Auditor)
for and on behalf of KPMG, Statutory Auditor
Chartered Accountants
1 Stokes Place
St. Stephen's Green
Dublin 2

Hopetoun (No 1) Limited

Profit and loss account and other comprehensive income
for the year ended 31 December 2016

	Note	**2016** **£'000**	2015 £'000
Administrative expenses		-	10
Operating profit - continuing activities	3	-	10
Interest payable and similar charges	6	**(24)**	(69)
Loss on ordinary activities before taxation		**(24)**	(59)
Tax on loss on ordinary activities	7	**14**	(2)
Loss for the financial year		**(10)**	(61)
Other comprehensive income		-	-
Total comprehensive loss for the year		**(10)**	(61)

The notes on pages 10 to 18 form part of these financial statements.

Hopetoun (No 1) Limited

Balance sheet
as at 31 December 2016

	Note	**2016** **£'000**	2015 £'000
Current assets			
Debtors: amounts falling due after more than one year	*8*	**50**	36
		50	36
Creditors: amounts falling due within one year	*9*	**(4,665)**	(4,641)
Net current liabilities		**(4,615)**	(4,605)
Total assets less current liabilities		**(4,615)**	(4,605)
Creditors: amounts falling due after more than one year	*10*	**(539)**	(539)
Net liabilities		**(5,154)**	(5,144)
Capital and reserves			
Called up share capital	*13*	**-**	-
Profit and loss account		**(5,154)**	(5,144)
Total shareholders' deficit		**(5,154)**	(5,144)

The notes on pages 10 to 18 form part of these financial statements.

On behalf of the board

Neal Morar
Director

21 June 2017

Hopetoun (No 1) Limited

Statement of changes in equity
for the year ended 31 December 2016

	Called up share capital £'000	Profit and loss account £'000	Total shareholders' deficit £'000
At 1 January 2015	-	(5,083)	(5,083)
Comprehensive loss for the year			
Loss for the financial year	-	(61)	(61)
Total comprehensive loss for the year	-	(61)	(61)
At 31 December 2015	-	(5,144)	(5,144)
Comprehensive loss for the year			
Loss for the financial year	-	**(10)**	**(10)**
Total comprehensive loss for the year	-	**(10)**	**(10)**
At 31 December 2016	-	**(5,154)**	**(5,154)**

The notes on pages 10 to 18 form part of these financial statements.

Hopetoun (No 1) Limited

Notes
forming part of the financial statements

1 Reporting entity

Hopetoun (No 1) Limited is a Company incorporated in the United Kingdom. The Company's registered office is 17 Dominion Street, London, EC2M 2EF.

2 Significant accounting policies

2.1 Basis of preparation of financial statements

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("EU IFRSs"), but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions have been taken.

In these financial statements, the Company has adopted certain disclosure exemptions available under FRS 101. These include:

- a Cash flow statement and related notes;
- disclosures in respect of the compensation of key management personnel;
- disclosures in respect of transactions with wholly owned subsidiaries;
- disclosures in respect of capital management;
- certain comparative information;
- the effects of new but not yet effective IFRSs; and
- an additional balance sheet for the beginning of the earliest comparative period following transition.

As the consolidated financial statements of Amaris Hospitality DAC include the equivalent disclosures, the Company has also taken the exemption under FRS 101 available in respect of the following:

- certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures; and
- certain disclosures required by IAS 36 Impairment of Assets.

The accounting policies set out below have unless otherwise stated been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed below.

2.2 Basis of measurement

These financial statements have been prepared on the historical cost basis.

2 Significant accounting policies *(continued)*

2.3 Functional currency

These financial statements are presented in Sterling, being the functional currency of the Company. All financial information presented in Sterling has been rounded to the nearest thousand, except where otherwise stated.

2.4 Use of estimates and judgements

In preparing these financial statements management has made judgements, estimates and assumptions that affect application of the Company accounting policies and the reported amounts of assets, liabilities, income and expenses. Such estimates and judgements are based on historical experience and other factors, including expectation of future events that are believed to be reasonable. Actual outcomes may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

2.5 Going concern

The directors are of the opinion that preparing the financial statements on a going concern basis is appropriate based on the forecast trading performance of the Company, and due to confirmation that has been received from LSREF 3 Laser (Mercure) Limited and in turn from LSREFIII Laser Investments DAC that the financing facilities provided will not require repayment for a period of at least twelve months from the date of signing the financial statements.

2.6 Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values. When measuring the fair value of an asset or liability the Company uses market observable data as far as possible.

2.7 Revenue

Turnover comprises rental income, excluding value added tax. Rentals receivable under operating leases are credited to the profit and loss account on an accruals basis over the term of the lease. Any initial advance receipt in relation to operating leases is treated as part of the rentals receivable and accordingly these receipts are credited to the profit and loss account on a straight line basis over the period of the lease and are classified within deferred income.

2.8 Finance income and finance costs

Interest income or expenses are recognised using the effective interest method.

2 Significant accounting policies *(continued)*

2.9 Taxation

Income tax expense comprises current and deferred tax. It is recognised in the profit and loss account except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is recognised in other comprehensive income or directly in equity.

Current tax is the expected tax payable on the taxable income for the year using tax rates and laws that have been enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: those differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that the Group is able to control the timing of reversal and it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

A deferred tax asset is recognised to the extent that it is probable future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

2.10 Trade and other receivables

Trade and other receivables are measured at their nominal amount less any allowance for doubtful amounts. An allowance is made when collection of the full amount is no longer considered probable.

2.11 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less.

Cash equivalents are short-term highly liquid investments with an original maturity of three months or less from the date of acquisition that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

2 Significant accounting policies *(continued)*

2.12 Financial instruments

The Company classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

The Company classifies non-derivative financial liabilities into the other financial liabilities category.

(i) Non-derivative financial assets and financial liabilities – recognition and derecognition

The Company initially recognises loans and receivables issued on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(ii) Non-derivative financial assets – measurement

Loans and receivables
These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Cash and cash equivalents
Cash and cash equivalents include bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

(iii) Non-derivative financial liabilities – measurement

Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

(iv) Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Ordinary dividends declared as final dividends are recognised as a liability in the period in which they are approved by shareholders. Interim dividends are recognised as a liability when declared.

Notes *(continued)*

2 Significant accounting policies *(continued)*

2.13 Provisions and contingent liabilities

A provision is recognised when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and the amount of that outflow can be measured reliably. If the effect is material, provisions are measured by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of an outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of an outflow of economic benefits is remote.

3 Operating loss - continuing activities

Auditors' remuneration was borne by another group company in both years.

4 Staff costs

The Company had no employees during the year *(2015: nil)*.

5 Directors' remuneration

There was no remuneration paid to the directors by the Company during the year *(2015: £nil)*. There were no retirement benefits accruing to the directors *(2015: £nil)*.

6 Interest payable and similar charges	**2016 £'000**	2015 £'000
Interest payable on bank loans	-	2
Finance costs	-	45
Interest payable on parent company loan	**24**	22
	24	69

7 Tax on loss on ordinary activities

	2016 **£'000**	2015 £'000
Corporation tax		
Current tax on loss for the year	-	-
Total current tax charge	-	-
Deferred tax		
Origination and reversal of timing differences	**(14)**	2
Tax (credit)/charge on loss on ordinary activities	**(14)**	2

Factors affecting tax charge for the year

The tax assessed differs from the standard rate of corporation tax in the UK of 20.00% *(2015: 20.25%)*. The differences are explained below:

	2016 **£'000**	2015 £'000
Loss on ordinary activities before taxation	**(24)**	(59)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.00% *(2015: 20.25%)*	**(5)**	(12)
Effects of:		
Rate difference between current and deferred tax	**3**	-
Group relief claimed and not paid	-	14
Prior year adjustment	**(12)**	-
Total tax (credit)/charge for the year	**(14)**	2

Factors that may affect future tax charges

Reductions in the UK corporation tax rate to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were enacted on 26 October 2015. Finance Bill 2016 further reduced the 18% rate to 17% from 1 April 2020, following substantial enactment on 6 September 2016. Together this will reduce the company's future tax charges accordingly.

8 Debtors

	2016	2015
	£'000	£'000
Amounts falling due after more than one year		
Deferred tax asset (Note 12)	**50**	36
	50	36

9 Creditors: amounts falling due within one year

	2016	2015
	£'000	£'000
Amounts owed to group undertakings	**4,661**	4,637
Accruals and deferred income	**4**	4
	4,665	4,641

Amounts owed to group undertakings are interest free, unsecured and repayable on demand.

10 Creditors: amounts falling due after more than one year

	2016	2015
	£'000	£'000
Loans owed to parent company	**539**	539
	539	539

Loans owed to parent companies comprise two facilities and are repayable in 2019. Variable and fixed interest rates are charged on these loans.

11 Financial instruments

The Company had the following financial instruments:

	2016	2015
	£'000	£'000
Financial liabilities		
Financial liabilities measured at amortised cost	**(5,200)**	(5,176)
	(5,200)	(5,176)

Hopetoun (No 1) Limited

Notes *(continued)*

12 Deferred taxation

	£'000
At 1 January 2016	**36**
Charged to the profit and loss account	**14**
	50

The deferred tax asset is made up as follows:

	2016	2015
	£'000	£'000
Non-trading deficit	**16**	36
Capital losses	**34**	-
	50	36

13 Called up share capital

	2016	2015
	£	£
Allotted and fully paid		
1 ordinary share of £1	**1**	1

The shares have attached to them full voting, dividend and capital distribution rights. They do not confer any rights of redemption.

14 Group relationships and ultimate controlling parties

The immediate parent of the Company is LSREF 3 Laser (Mercure) Limited and the indirect parent company of both the Company and LSREF 3 Laser (Mercure) Limited is Amaris Hospitality DAC. The ultimate controlling party of Amaris Hospitality DAC is Lonestar Real Estate Partners III (U.S.) L.P. and Lonestar Real Estate Partners III (Bermuda) L.P.

15 Related party transactions

The Company has availed of the exemptions available in FRS 101 from disclosing transactions entered into between two or more members of a group and also key management personnel compensation disclosures.

There were no other related party transactions.

Hopetoun (No 1) Limited

Notes *(continued)*

16 Guarantees

The Company is a guarantor to LSREFIII Laser Investments DAC's £592.5m 3 year sterling term loan. The loan matures on 6 February 2018 and requires mandatory principal repayments over the life of the loan. As of the date of signing of these financial statements, £272.9m had been repaid on the facility with a further £23.3m due to be repaid within 12 months from the date of signing the Company's financial statements in order to meet the mandatory repayment conditions of the loan. The Directors of LSREFIII Laser Investments DAC expect to meet the remaining mandatory repayments through the disposal of certain assets owned by its subsidiaries, including their investment properties.

17 Subsequent events

There were no events subsequent to the balance sheet date that require adjustment to or disclosure in the financial statements.

18 Approval of financial statements

The financial statements were approved by the directors on 21 June 2017.