Financial Statements 2007

Pan European Hotel Acquisition Company N.V.

Amsterdam

Contents

Directors' report

May 30, 2008

CEO's Statement

Willem-Jan van den Dijssel said,

" PEHAC has achieved an after tax profit of € 0.82 million over the period February 27, 2007 through December 31, 2007. PEHAC has not recorded any operational revenues but only interest income . The result is fully attributable to interest accrued. The amount in escrow is € 113,802,430 and the shareholders equity € 108,984,413 at December 31, 2007. The Shareholders Equity per ordinary share is € 6.27.

Currently our prime objective is to acquire a hotel portfolio to establish a business combination and seek shareholder approval of a business combination. At this stage we cannot predict the outcome and future developments of PEHAC as a result of such business combination for the short term nor for the longer term."

The financial annual report has been prepared by PEHAC. In the opinion of our management, the accompanying report contains all financial information necessary to present fairly the financial position of the Company as of December 31, 2007, and its results and cash flows for period from inception (February 27, 2007) to December 31, 2007.

We are aware of and have the knowledge of the 'code Tabaksblatt', and will adhere to it in future, as sson as the first business combination is accomplished.

Due to absence of operational activities in the financial year 2007, management has not included an in-control statement in these financial statements. After achieving the earlier mentioned business combination, management will set up a internal risk management and control system, which will be permanently monitored and complied with.

Further, it is referred to a newly issued guideline 'Besluit art 10 overnamerichtlijn' . In this regard it is referred to the information in note 13 of the financial statement, where voting rights of shareholders are being explained.

The Management Board
Willem-Jan M. van den Dijssel
Chairman

Financial Statements

Financial Statements

Balance sheet as at December 31, 2007

(Euros)	Note	Dec.31, 2007	Feb.27, 2007
ASSETS			
Current assets			
Cash and cash equivalents	**7**	45,459	130,000
Amount in Escrow	**8**	113,802,430	0
Taxes	**9**	441,840	0
Total current assets		**114,289,729**	**130,000**
TOTAL ASSETS		**114,289,729**	**130,000**
LIABILITIES AND SHAREHOLDER'S EQUITY			
Long-term liabilities			
Notes payable	**10**	85,000	85,000
Total long-term liabilities		**85,000**	**85,000**
Short-term liabilities			
Trade and other payables	**11**	1,770,316	0
Underwriting fee to be paid	**12**	3,450,000	0
Total short-term liabilities		**5,220,316**	**0**
TOTAL LIABILITIES		**5,305,316**	**85,000**
SHAREHOLDER'S EQUITY			
Share capital	**13**	188,750	45,000
Shareholder’s Surplus	**14**	107,932,803	0
Retained earnings		862,860	0
TOTAL SHAREHOLDER'S EQUITY		**108,984,413**	**45,000**
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		**114,289,729**	**130,000**

- *The notes on pages 9 t o19 are an integral part of these financial statements.*

Income statement for the period February 27, 2007 up to and including December 31, 2007.

(Euros)	**Note**	**Feb,27 -Dec,31, 2007**
Income		0
Administrative expenses		1,140
Advisory Costs		1,031,301
Interest income		1,895,301
Corporation Tax	**9**	0
Profit for the period		**862,860**

Basic Earnings per Share	€ 0,08
Diluted Earnings per Share	€ 0,06

- *The notes on pages 9 to19 are an integral part of these financial statements.*

Statement of recognised income and expense for the period ended December 31, 2007.

(Euro)	Ordinary shares	Class B Share (1)	Shareholder Surplus	Retained Earnings	Total equity
Balance at February 27, 2007	**30.000**	**15.000**			**45.000**
Changes in equity for the period ended December 31, 2007					
Capital contribution on Founder shares			2.970.000		2.970.000
Issue of Share Capital (14,375,000 ordinary Shares)	143.750		114.856.250		115.000.000
Underwriting fee taken to Equity			-8.050.000		-8.050.000
Expenses relating to issuing of Shares taken to Equity			-1.843.447		-1.843.447
Result for this period Total				862.860	862.860
Balance at December 31, 2007	**173.750**	**15.000**	**107.932.803**	**862.860**	**108.984.413**

- *The notes on pages 9 t o19 are an integral part of these financial statements.*

Statement of cash flows for the period ended December 31, 2007

(Euros)	Note	Feb.27 -Dec 31, 2007	
Cash flows from operating activities			
Result for the year, excluding interest received		-1.032.441	
Increase in Tax receivables	**9**	-441.840	
Increase in trade payables	**11**	1.770.316	
Net cash from operating activities			*296.035*
Cash flows from investing activities			
Interest received		1.895.301	
Net cash from investing activities			*1.895.301*
Cash flows from financing activities			
Proceeds from issuance of ordinary shares	**13**	143.750	
Proceeds from issuance of share capital	**14**	117,826,250	
Increase in Escrow amount	**8/14**	-113.802.430	
Increase in Underwriters fee to be paid	**12**	3.450.000	
Cost of IPO taken against Shareholders' Surplus	**14**	-9.893.447	
Net cash used in financing activities			*-2.275.877*
Net in-/de-crease in cash and cash equivalents			-84.541
Cash and cash equivalents at Feb.27,2007			130.000
Cash and cash equivalents at Dec. 31, 2007			45.459

- *The notes on pages 9 to19 are an integral part of these financial statements.*

Notes to the financial statements

1. General Information

Activities of business & Legal structure of company
PEHAC N,V,, having its statutory seat at Apollolaan 2, 1077 BA Amsterdam, the Netherlands, was incorporated on February 27, 2007, The objects of PEHAC N,V, are (Articles of Association, Article 3):

a. to participate in, to finance or to have any other interest in, or to conduct the management of, other companies or enterprises which operate businesses in the hotel industry in Europe;
b. to furnish guarantees, provide security, warrant performance or in any other way assume liability, whether jointly and severally or otherwise, for or in respect of obligations of group companies;
c. to do anything which is, in the widest sense of the word, connected with or may be conducive to the attainment of these objects.

PEHAC N,V,'s primary strategy is to acquire medium-sized hotels or hotel groups (including related real estate assets) owned and operated by a family or private party, or part of a divestment process by a large multi-national hotel operator, Following the acquisition, PEHAC N,V, expects to improve the cash flow of such hotels through the application of sophisticated management techniques not typically used by medium-sized hotels or hotel groups.

PEHAC N,V,'s Management Board includes Willem-Jan M, van den Dijssel, Laurence N, Strenger, Max Arthur Kok and Martin Lindelauf, each of whom has extensive experience in the hospitality industry, Collectively, the members of PEHAC N,V,'s Management Board and Supervisory Board have more than 100 years of experience operating hotels and sourcing, negotiating and structuring financial transactions involving hotel assets.

Corporate Governance
Due to the nature of the company and the absence of operational activities in the financial year 2007, Management has not included an in-control statement in these financial statements. After achieving the earlier mentioned business combination, Management will set up a sound internal risk management and control system, which will be permanently monitored and complied with.

2. Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

Basis of preparation
These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRS) issued by the International Accounting Standards Board (IASB) as adopted by European Union ("adopted IFRSs"), and are in accordance with IFRS as issued by the IASB and also in accordance with the statutory provisions of Part 9, Book 2, of the Netherlands Civil Code. The financial statements have been prepared under the historical cost convention approach, unless otherwise stated.

PEHAC N.V.'s financial statements for the period ended December 31, 2007 are the first annual financial statements which will comply with IFRS. PEHAC N.V.'s date of incorporation is February 27, 2007.

Functional currency
The company's functional currency is Euro.

Company adopting changes in general accepted accounting policies (IFRS)

(a) New standards, amendments to published standards and interpretations to existing standards effective in 2007 adopted by the company

- *IFRS 7, Financial Instruments: disclosures and a complementary amendment to IAS 1, Presentation of Financial Statements – capital disclosures* (effective for accounting periods beginning on or after 1 January 2007). IFRS 7 introduces new requirements aimed at improving the disclosure of information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk. Where those risks are deemed to be material to the company it requires disclosures based on the information used by key management. It replaces the disclosure requirements in IAS 32 'Financial Instruments: disclosure and presentation'. It is applicable to all entities that report under IFRS.

The amendment to IAS 1 introduces disclosures about the level and management of an entity's capital.

The company has applied IFRS 7 and the amendment to IAS 1 to the accounts for the period beginning on 1 January 2007.

- *IFRIC 8, Scope of IFRS 2* (effective for accounting periods beginning on or after 1 May 2006). IFRIC 8 requires consideration of transactions involving the issue or grant of equity instruments to establish whether or not they fall within the scope of IFRS 2. It applies to situations where the identifiable consideration received is or appears to be less than the fair value of the equity instruments issued. There was no impact on the company's accounts from its adoption.

- *IFRIC 9, Reassessment of embedded derivatives* (effective for accounting periods beginning on or after 1 June 2006). IFRIC 9 requires an assessment of whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when an entity becomes a party to the contract. Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required. There was no impact on the company's accounts from its adoption.

- *IFRIC 10, Interim Financial Reporting and Impairment* (effective for accounting periods beginning on or after 1 November 2006). IFRIC 10 prohibits impairment losses recognised in an interim period on goodwill and investments in equity instruments and on financial assets carried at cost to be reversed at a subsequent balance sheet date. There was no impact on the company's accounts from its adoption.

(b) Standards, interpretations and amendments to published standards effective in 2007 but which are not relevant to the company
The following standards, amendments and interpretations to published standards are mandatory for accounting periods beginning on or after 1 January 2007 but are currently not relevant to the company's operations:

- *IFRIC 7, Applying the restatement approach under IAS 29, Financial Reporting in Hyperinflationary Economies* (effective for accounting periods beginning on or after 1 March 2006). IFRIC 7 provides guidance on the application of IAS 29 requirements in a reporting period in which entity identifies the existence of hyperinflation in the economy of its functional currency, when the company was not hyperinflationary in the prior period. IFRIC 7 is not relevant to the company as none of the company companies has a currency of a hyperinflationary economy as its functional currency.

(c) Standards, amendments and interpretations to published standards not yet effective
Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the company's accounting periods beginning on or after 1 January 2008 or later periods and which the company has decided not to adopt early. These are:

- *IFRS 8, Operating Segments* (effective for accounting periods beginning on or after 1 January 2009). This standard sets out requirements for the disclosure of information about an entity's operating segments and also about the entity's products and services, the geographical areas in which it operates, and its major customers. It replaces IAS 14, Segmental Reporting. The company expects to apply this standard in the accounting period beginning on 1 January 2009. As this is a disclosure standard it will not have any impact on the results or net assets of the company.

- *IAS 23, Borrowing Costs (revised)* (effective for accounting periods beginning on or after 1 January 2009). The revised IAS 23 is still to be endorsed by the EU. The main change from the previous version is the removal of the option of immediately recognising as an expense borrowing costs that relate to qualifying assets, broadly being assets that take a substantial period of time to get ready for use or sale. The company is currently assessing its impact on the financial statements.

- *IFRIC 11, IFRS 2 - Group and Treasury Share Transactions* (effective for accounting periods beginning on or after 1 March 2007). IFRIC 11 requires share-based payment transactions in which an entity receives services as consideration for its own equity instruments to be accounted for as equitysettled. This applies regardless of whether the entity chooses or is required to buy those equity instruments from another party to satisfy its obligations to its employees under the share-based payment arrangement. It also applies regardless of whether: (a) the employee's rights to the entity's equity instruments were granted by the entity itself or by its shareholder(s); or (b) the share-based payment arrangement was settled by the entity itself or by its shareholder(s). Management is currently assessing the impact of IFRIC 11 on the accounts.

Share based payments
The directors hold the founding shares in the company. They have held these shares since the IPO, and have obtained them through payment in cash. The directors do not receive any remuneration (not in cash, nor in kind) and are only entitled to reimbursement of out-of-pocket expenses. Since there is no additional payment to directors for services rendered, management is of the opinion that IFRS 2 does not apply to the company in this respect.

Segment reporting
The company currently has no activities, except for seeking to accomplish a business combination. Therefore segment reporting is not relevant for these Financial Statements.

Cash and cash equivalents
Cash and cash equivalents include cash in hand, banks and overdrafts with related and third parties. It includes deposits held on call with related parties and with original maturities of three months or less.

Deferred Tax Assets
Deferred Tax Assets are calculated against the applicable tax rates and based on the tax laws enacted on the balance sheet date and are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Equity
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Notes Payable
Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless PEHAC N.V. has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Dividends distribution
Dividends distribution to PEHAC N.V.'s shareholder is recognized as a liability in the Financial Statements in the period in which the dividends are approved by PEHAC N.V.'s General Meeting of Shareholders. The main profit distribution articles are (Articles of Association, Article 23.1 to 23.4):
Profit is distributed after the adoption of the Financial Statements from which it appears that said profits are admissible.
The profits shown in the adopted Financial Statements shall first be applied as follows: Six percent (6%) of the nominal amount of the preference shares shall first, if possible, be distributed in respect of the preference shares. From the remaining profit shall be distributed in respect of each of the class B share and the class C shares, € 0.01. No further distribution shall be made in respect of the preference shares, the class B share and the class C shares.

From the profit then remaining, the Management Board shall determine, subject to the approval of the Supervisory Board, which amount out of the remaining profit will be added to the dividend reserves.

The balance of the profit remaining after application of the foregoing shall be at the free disposal of the general meeting of shareholders. PEHAC N.V. may make distributions to shareholders and other persons entitled to distributable profits only to the extent that the shareholders' equity exceeds the sum of the paid and called-up part of the share capital and the reserves which must be maintained by law. In calculating the allocation of profits, the shares held by PEHAC N.V. in its own capital shall not be taken into account.

Cash flow statement
The cash flow statement has been drawn-up under the indirect method. The interest income is presented separately to state the fact that this income is investment income in stead of operational income.

Warrants
The warrants that have been issued are disclosed under Note 13.

Earnings per share
Earnings per share (EPS) have been calculated based on the time-weighted number of shares per balance sheet date.

3. Financial instruments - Risk Management

The company is exposed through its operations to the following financial risks:
· Fair value or cash flow interest rate risk
· Liquidity risk

In common with all other businesses, the company is exposed to risks that arise from its use of financial instruments. This note describes the company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

Principal financial instruments
The principal financial instruments used by the company, from which financial instrument risk arises, are
as follows:

- trade receivables
- cash at bank or in escrow
- trade and other payables
- loans from related parties

General objectives, policies and processes
Management has overall responsibility for the determination of the company's risk management objectives and polices and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the company's finance function.

The overall objective of management is to set polices that seek to reduce risk as far as possible without unduly affecting the company's competitiveness and flexibility. Further details regarding these policies are set out below:

Interest rate risk
Currently the company has only long-term borrowings at fixed interest rate from related parties (Note 10), which is currently its policy. Although management accepts that this policy neither protects the company entirely from the risk of paying rates in excess of current market rates nor eliminates fully cash flow risk associated with variability in interest payments, it considers that it achieves an appropriate balance of exposure to these risks.

Liquidity risk
Liquidity risk arises from the company's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the company will encounter difficulty in meeting its financial obligations as they fall due.

The company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances (or agreed facilities) to meet expected requirements for a period of at least 45 days.

4. Use of estimates and judgments

Estimates
The company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Judgements

(a) Income taxes

The company is subject to income taxes. The taxable loss for the year ended December 31, 2007 amounts to € 9,073,344. Under Dutch law these losses can only be offset against own profits of the company and are limited to 8 years. Based on the uncertainty of the amount of own taxable income (except for dividends which are non taxable) for the coming 8 years, management has decided not to account for any deferred income tax asset.

(b) Underwriting fee, deferred

The company has a liability to the underwriter of the IPO, payable on completion of a business combination, of € 3,450,000. This liability is conditional, but management is of the opinion that this amount should be accounted for on the face of the balance sheet, at nominal value.

5. Related party transactions

On February 27, 2007, PEHAC N.V. issued 3,000,000 shares at the nominal value of € 0.01 per share (the "Founding Shares") and one class B Share at its nominal value of € 15,000 (the "Class B Share") to KCI (Kragt Capital Investments) B.V. ("Kragt"). On the same date, Kragt made a loan to PEHAC N.V. in the amount of € 85,000 (the "Founding Shareholder Loan" and, together with the Founding Shares and Class B Share, the "Founding Shareholder Investment"). On July 18, 2007, Kragt sold 1,800,000 Founding Shares to the other founding shareholders at the nominal value of € 0.01 per share. At the same time, the founding shareholders (including Kragt) (i) made a capital contribution to PEHAC N.V. on the Founding Shares in the amount of € 2,940,000 and (ii) purchased 3,000,000 founding warrants (the "Founding Warrants" and, together with the Founding Shares, the "Founding Units"). These transactions described in clauses (i) and (ii) are collectively referred to as the "Founding Shareholder Private Placement". Together with the proceeds of the issuance of the Founding Shares to Kragt, the Founding Shareholder Private Placement resulted in an investment of € 0.99 per Founding Share and € 0.01 per Founding Warrant, for a total investment of € 1.00 per Founding Unit. Kragt retained 1,200,000 Founding Units.

6. Going Concern Consideration

PEHAC N.V. plans to consummate a business combination within the “target business acquisition period”. A successful business combination is an agreed condition for the going concern of PEHAC N.V. Awaiting final consent of the Shareholders for a proposed business combination, PEHAC N.V.’s ability to continue operations as a going concern is still under consideration.

7. Cash and cash equivalents

The cash and cash equivalents are at the free disposal of PEHAC N.V. Due to the fact that funds from escrow are not at the free disposal of the company (note 8), there is a short term cash deficit until the process of achieving a business combination is completed. The founding shareholders have announced that they will grant the company a loan in 2008 to be able to meet its short term liabilities.

8. Escrow amount

The Escrow amount is held in an escrow account at Citibank NA, London branch and consists of the net proceeds of the IPO, the Founding Shareholders Private Placement, the Founding Shareholder Investment and € 3.450.000 of the underwriting fee that the underwriters have agreed to defer until the completion of a business combination. Release of this amount is not to the discretion of PEHAC N.V. The escrow amount will only be released to PEHAC N.V. upon completion of a business combination, as set out in the offering circular dated June 12, 2007 and the supplement thereto dated July 16, 2007. The escrow account is under supervision of the escrow agent.

9. Taxes

VAT
The taxes concern the VAT receivable as per December 31, 2007

Deferred Tax Assets
The taxable loss for the period February 27, 2007 to December 31, 2007 amounts to € 9,073,344. This loss will be compensable with own future profits of PEHAC N.V. At this moment it is not possible to give a reliable estimate of own future taxable profits, since the exact structure of a possible business combination and the height of the managementfees that can be invoiced to the proposed business combination are not clear. Since recovery of the amount depends heavily on the total amount of future taxable profit and is limited by tax laws to 8 years (thus will expire 2015), no deferred tax asset is recognized until the proposed business combination is formalized and the possible future own profits for PEHAC N.V. are clear. The corporation tax rates for 2008 are 23,5% - 25,5%.

10. Notes payable

Kragt is an entity owned by Willem-Jan M. van den Dijssel. Kragt provided a loan with a principal sum of € 85.000 to PEHAC N.V.

a. Pursuant to the promissory note ("Note") entered into between PEHAC N.V. and Kragt on February 27, 2007, PEHAC N.V. promised to pay to the order of Kragt the principal sum of € 85,000 on the main terms and conditions described below.
b. The principal sum of the Note shall be repayable (at once) upon completion of a business combination.
c. No interest shall accrue on the unpaid principal balance of this Note.

11. Trade and other payables

(euro)	**December 31, 2007**
Trade payables	1,729,377
Amounts due to related parties	40,939
Total	1,770,316

12. Underwriting fee

Part of the underwriting fee has been paid and the remaining (amounting to € 3,450,000) will be paid if the condition of completion of a business combination will be met.

13. Shareholder's Equity

Authorized capital
The authorized share capital of PEHAC N.V. has been adjusted in the Articles of Association (dated July 24, 2007) and amounts to € 825,000. The adjusted authorized share capital can be divided into the following classes of shares:

a. 55,000,000 ordinary shares, each ordinary share having nominal value of € 0.01;
b. 15,000,000 class A shares, each class A share having a nominal value of € 0.01;
c. 1 class B share, having a nominal value of € 15,000;
d. 3,000,000 class C shares, each class C share having a nominal value of € 0.01;
e. 8,000,000 preference shares, each preference share having a nominal value of € 0.01.

These shares have the following voting rights (Articles of Association, Article 20.1):
Each ordinary share, each class A share, each class C share and each preference share shall give the right to cast one vote at General Meetings. The class B share shall give the right to cast one million five hundred thousand (1,500,000) votes at General Meetings.

Issuance of shares
On February 27, 2007, PEHAC N.V. issued 3,000,000 ordinary shares and 1 class B share to Kragt. On July 24, 2007 PEHAC N.V. issued 14,375,000 ordinary shares by means of the IPO. As at December 31, 2007 a total of 17,375,000 ordinary shares are outstanding.

The table below contains the reconciliation of the number of outstanding shares.

	Ordinary Shares	Class A Shares	Class B Shares	Class C Shares	Preference Shares
Balance Dec. 31, 2007	**3.000.000**	**0**	**1**	**0**	**0**
Changes in the number of shares in the period ended December 31, 2007:					
Initial Public Offering July 19, 2007*	14.375.000				
At December 31, 2007	**17.375.000**	**0**	**1**	**0**	**0**

* The shares were legally issued on July 24, 2007

Preference shares
Currently no preference shares have been issued.

Warrants
Together with the shares, at IPO 14,375,000 warrants were issued. These warrants give the holder the right to purchase one share (per warrant), at a price of € 5.00. The warrants will become exercisable on the later of (1) the completion of a business combination and (2) July 19, 2008.

PEHAC N.V. may redeem the outstanding warrants at any time after they become exercisable:

- in whole and not in part,
- at a price of €0.01 per warrant,
- upon a minimum of 30 days' prior written notice of redemption, and
- if, and only if, the last independent sales price of the shares equals or exceeds € 11.50 per share, subject to adjustment in the event of share splits or combinations in accordance with the warrant agreement between PEHAC N.V. and Citibank N.A., London branch, any 20 trading days within a 30-trading day period ending three business days before we send the notice of redemption.

If PEHAC N.V. calls the warrants for redemption, each warrant holder will be entitled to exercise its warrant prior to the date scheduled for redemption, by payment of the exercise price in cash. However, there can be no assurance that the price of the shares will equal or exceed the €11.50 trigger price or the warrant exercise price during the period commencing after the redemption call is made.

Special circumstances
In the event that PEHAC N,V, does not consummate a business combination by January 19, 2009 (or July 19, 2009 if PEHAC N,V, has signed a letter of intent, agreement in principle or definitive agreement in respect of a proposed business combination by January 19, 2009), PEHAC N,V, will be dissolved by operation of law. At such time, an acquittal scheme will

be set up which will result in a distribution to PEHAC N,V,'s new shareholders on a pro rata basis of the remaining funds (the escrow amount, including deferred underwriting fees, net interest less the net interest proceeds and all of PEHAC N,V,'s other net assets). It is possible that the amount per new share will be less than the initial public offering price per unit in the Initial Public Offering ("IPO").

14. Shareholders' Surplus

The 14,375,000 shares issued by PEHAC N.V. at July 24, 2007 have been issued at a price of € 7.25 per share. The total amount of shareholders' surplus amounts € 107,932,803. Furthermore, the founding shareholders have contributed € 2,970,000 to the Shareholders' Surplus. The incurred cost regarding the IPO of € 9,893,447 have been netted off with the proceeds.

15. (Diluted) Earnings per share

The earnings per share amount to € 0.08 (€ 0.06 diluted). These amounts have been calculated as follows:

Earnings per share calculation	Basic	Diluted
Profit attributable to ordinary shareholders (numerator)	862.860	
Diluted earnings (no adjustments)		862.860
Average number of shares (time-weighted) basic (denominator)	10.660.362	
Average number of shares (time-weighted) basic and diluted (denominator)		13.436.903
Earnings per share (EPS)	0,08	0,06

The average number of shares has been calculated based on the issue dates of the various shares. The dilution is calculated based on the assumption that the outstanding warrants (17,375,000) will be effectuated.

16. Events after the balance sheet date

Proposed acquisition
PEHAC N.V. is in the process of making a business combination. The planned Extraordinary Shareholders Meeting has been postponed and is now scheduled for September 17, 2008

Relating to a proposed business combination PEHAC N.V. will enter into agreements with advisors for, amongst others, carrying out a due diligence. This cost has not accrued in these statements. Founding Shareholders have granted PEHAC N.V. a subordinated unsecured loan to provide PEHAC N.V. with additional working capital to pay advisors to finalise a business combination.

BDO CampsObers
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To: the General Meeting of Shareholders and the Management of Pan European Hotel Acquisition Company N.V.

AUDITOR'S REPORT

Report on the financial statements

We have audited the accompanying financial statements 2007 of Pan European Hotel Acquisition Company N.V., Amsterdam, which comprise the balance sheet as at December 31, 2007, the profit and loss account, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility
Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the management board report in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility
Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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

Opinion
In our opinion, the financial statements give a true and fair view of the financial position of Pan European Hotel Acquisition Company N.V. as at December 31, 2007, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Emphasis of Matter
We draw attention to note 6 to the financial statements, which describes the major uncertainty relating to the going concern consideration of the company. Our opinion is not qualified in respect of this matter.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under 2:393 sub 5 part e of the Netherlands Civil Code, we report, to the extent of our competence, that the management board report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Utrecht, June 3, 2008

For and on behalf of,
BDO CampsObers Audit & Assurance B.V.

Sgd. H. Kroeze RA