

## **Independent auditor's report on financial statements**

The Board of Directors, Shareholders and Officers

**BHG S.A. - Brazil Hospitality Group**

Rio de Janeiro - RJ

We have audited the accompanying individual and consolidated financial statements of BHG S.A. - Brazil Hospitality Group ("Company"), identified as Company and Consolidated, respectively, which comprise the balance sheets as at December 31, 2011 and the related income statements, statements of changes in equity and cash flow statements for the year then ended, and a summary of significant accounting practices and other explanatory information.

### **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of the individual financial statements in accordance with the accounting practices adopted in Brazil, and of the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and in conformity with the accounting practices adopted in Brazil, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Brazilian and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 Company's preparation and fair presentation of the Company's 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting practices 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 on individual financial statements**

In our opinion, the individual financial statements referred to above present fairly, in all material respects, the financial position of BHG S.A. - Brazil Hospitality Group as at December 31, 2011, and its financial performance and cash flows for the year then ended, in accordance with accounting practices adopted in Brazil.

## **Opinion on consolidated financial statements**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of BHG S.A. - Brazil Hospitality Group as at December 31, 2011, and its consolidated financial performance and consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and accounting practices adopted in Brazil.

## **Emphasis of matter**

As mentioned in Note 2, the individual financial statements were prepared in accordance with the accounting practices adopted in Brazil. In the case of BHG S.A. - Brazil Hospitality Group, these practices differ from IFRS – applicable to individual financial statements – solely with respect to the measurement of investments in subsidiaries, affiliates and joint owned subsidiaries, under the equity method, while such investments would be measured at cost or fair value for IFRS purposes. Our opinion is not qualified because of this matter.

## **Statements of value added**

We have also audited the individual and consolidated statements of value added for the year ended December 31, 2011, the presentation of which is required by Brazilian Corporation Law for publicly held companies and as supplementary information under the IFRS, whereby no statement of value added presentation is required. These statements have been subject to the same auditing procedures previously described and, in our opinion, are presented fairly , in all material aspects, in relation to the overall financial statements.

Rio de Janeiro, March 8, 2012

## **ERNST & YOUNG TERCO**

Auditores Independentes S.S.  
CRC - 2SP 015.199/O-6 - F - RJ

## **Mauro Moreira**

Accountant CRC - 1SP 072.056/O-2