
Technical Due Diligence Report

MAH Pont Neuf
23/25 Rue du Pont Neuf, 75001 Paris, France



Executive Summary

Technical Due Diligence Report

23/25 Rue du Pont Neuf, 75001 Paris, France



The following summarises our findings following our inspection of the property on 16 November 2023 and highlights where further enquiries, requests for information or assurances should be sought. The text should be read in conjunction with our full Technical Due Diligence Report. Priorities listed under Legal Issues and Statutory Compliance should be duly verified by your legal advisors, as necessary.

Key		
High Risk	Significant issue where an urgent remedy is required prior to the proposed property transaction or a serious defect requiring immediate attention.	●
Medium Risk	Key issue to be clarified and/or fully considered in relation to the proposed property transaction or repairs having a significant cost implication.	○
Low Risk	A minor issue which is not considered to constitute a material issue in the short term.	●
Information	For information only: not a risk item	●

Scope of Instructions

1. Savills France were instructed by Tristan Capital Partners on 9 November 2023 to carry out technical due diligence (TDD) and thereafter provide a TDD report on the property.

Interest Being Acquired

2. You have informed us that you intend to offer financing on the freehold interest in the property.

Property Description

3. The hotel is a terraced building originally built around 1860 (according to the Architectural Notice by Atelier COS dated 17 January 2014) and last renovated and converted to a hotel in December 2016. The hotel is situated in the 1st district ('Arrondissement') of Paris (75), in the city centre, near the Louvre Museum, Le Samaritaine shopping centre and the River Seine ('Pont Neuf' bridge). The subject property comprises a nine-level hotel building (6 upper floors) with 60 room keys which are on the upper levels and ground floor.

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The hotel has five different room categories which are as follows:-

- 28 Superior rooms
- 12 Deluxe rooms
- 15 Executive rooms
- 3 Junior Suites
- 2 Suites

The hotel amenities include a restaurant (named 'Odette'), a spa (named 'Spa Pont-Neuf') and a gym. The hotel also has a central courtyard. We summarise the form of construction and hotel specification below in tabular format.

Element	Description
Date of construction completion	Original construction around 1860 (according to the Architectural Notice by Atelier COS dated 17 January 2014). Last renovation and hotel conversion December 2016.
Number of floor levels	Nine in total: 2 basement levels, ground floor and 6 upper levels.
Number of Keys	60
Room Categories	5 categories: 28 Superior, 12 Deluxe, 15 Executive, 3 Junior Suites, 2 Suites.
Surface area	<ul style="list-style-type: none">- Total land surface: 520 m² (according to title report by Gexpertise Conseil dated 13 June 2013).- For the building, the total surface in SDP according to the architect, Atelier Cos, building permit file is 3,087.49 m².
Storey heights	<p>Check measurements of the clear storey heights measured on site are:-</p> <ul style="list-style-type: none">▪ 2.8 m in the reception hall.▪ 2.42 m in the corridor (3rd floor).▪ 2.17 to 2.40 m in the guestrooms.▪ 2.23 m in the spa / gym area.

Heating, Cooling and Ventilation System	Reversible heating and cooling system using outdoor Variable Refrigerant Volume (VRV) units and indoor terminal treatment units in guest rooms. CPCU district heating network for domestic hot water production. Mechanical ventilation for toilets and bathrooms, and natural ventilation in guestrooms.
Fire Protection System	<ul style="list-style-type: none">▪ Fire alarm system with smoke detection, sirens, and push-button call points. Addressable smoke detectors to each guestroom and all common areas.▪ Portable fire extinguishers.▪ Emergency lighting throughout; smoke venting for staircases.▪ Dry riser to each staircase with two outlets at each level.

Structural / Building Fabric Assessment

4. Structure:

- The structure of the building is in good condition. No visible displacement, failure or damage was noted.

5. Roofs:

- The roof zinc covering is in good condition (renovated in 2016). We saw no evidence of leaks or water damage.

6. Facades:

The façades (front and courtyard) are in good condition. No major damage was noted. However, on the basis that the French Building and Housing Code "Code de la Construction et de l'Habitation" (CCH) in articles L. 126-2 and L. 126-3 requires building façades in Paris to be renovated every 10 years, we have allocated a cost for façade cleaning and repainting in the medium term.

- The hotel façades are of solid masonry with internal thermal insulation so there is a low risk of flame spread / combustibility as indicated in the Tristan Façade Fire Safety Risk Matrix.

7. External Areas:

- The courtyard and garden is well maintained and in a good condition.

8. Guestrooms:

- The finishes and fittings of the guestrooms are in a satisfactory condition. The interior presents well and is well maintained.

9. 'Front of House' Areas:

- The finishes and fittings of the reception lobby are in a satisfactory condition. The interior is well maintained.
- The finishes and fittings of the hotel amenities are in a satisfactory condition. However, the following minor defects were noted: -
 - The mosaic tiles in the swimming pool are lifting (re-occurring issue). There might be an issue with the compatibility with the waterproofing membrane.
 - Water ingress is visible on the skylight above the pool. The waterproofing needs to be checked.

We have included an allowance for investigating the sources of the mosaic tile issue and water ingress and undertaking necessary repairs.

10. 'Back of House' Areas:

- The finishes of the back of house are in a satisfactory condition. However, we noted that the epoxy coating to the floor is lifting in several areas. We have included for a cost to re-apply an epoxy coating to the affected areas.

Building Services Installations Assessment

11. Heating, Cooling and Ventilation:

- Outdoor VRV installation serving the hotel rooms and the lobby area installed in 2016 and is in good condition.
- Restaurant and kitchen Air Handling Units were installed in 2016, and are in good condition.
- Toilet exhaust fans installed in 2016 and are in good condition.
- No life cycle capital expenditure is anticipated in the next 10 years.

12. Electrical Installations:

- The electrical lighting and power distribution installations were replaced in 2016 and are in good condition. No capital expenditure is anticipated in the next 10 years.

13. Fire Protection Systems:

- The building life safety systems are in good condition. No capital expenditure is anticipated in the next 10 years.

Assessment of Statutory Compliance

14. We have not been provided with all of the original building permits, declaration of completion of works or certificates of compliance for the original building permit but we have been provided with all building permit documentation related to the 2016 hotel conversion - which is sufficient for the proposed transaction.

15. The building is subject to public access (Etablissement Recevant du public – ERP) regulation. It is classified as an ERP type O (Hotel) with activities of types N (Restaurant) and X (Sport/Wellness).

16. We have been provided with all mandatory periodical inspection reports for the building services, with the exception of the dry risers. The reports indicate that some defects need to be rectified by the maintenance team to ensure full compliance with the relevant local building codes.

17. The use of products containing asbestos has been prohibited in France since 1996. Therefore, since 1st January 2006, an asbestos report '*Dossier Technique Amianté*' (DTA) has been required for all buildings with a building permit delivered prior to 1st July 1997. The asbestos report before works '*Rapport de repérage des matériaux et produits contenant de l'amiante avant réalisation de travaux*' by QUALICONULT dated 14 January 2015 concluded that there were asbestos-containing materials in the building – in the flue of the 2nd floor level roof, in the ventilation duct in the 1st basement level and in other ducts in the 1st basement level. During the conversion works, remedial works were undertaken and we have been provided with the snagging certificate by MBI dated 13 October 2015. On the basis of documents seen, there should not be any remaining asbestos in the hotel but we have not been provided with the updated asbestos report after the work were done - the '*Dossier Technique Amianté (DTA)*' - to confirm that.

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Environmental Assessment

18. We have not been provided with an energy performance certificate '*Diagnostic de Performance Energétique*' (DPE). Typical solutions that will help reduce energy consumption and contribute to reaching the objective set by the Decret Tertiaire are included in section 7 of our report. Specialist environmental engineers will need to be appointed in order to conduct a more detailed and precise Decret Tertiaire assessment.

19. The overall site environmental risk assessment is low to moderate; we summarise the key points as follows:

The owner must provide asbestos dust measurement and updated asbestos technical file

Repairs Budget

20. A summary of the budget for repairs to the hotel over ten years is provided below. The full capex table is provided at Appendix 5.

Location	Short Term (Years 0-1) €	Medium Term (Years 2-5) €	Long Term (Years 6-10) €	Service Charge Recoverable (€)	Capex / Landlord Cost (€)	Total Cost (€)
Structure	0	0	0	0	0	0
Roofs	0	0	0	0	0	0
Facades	0	50 000	0	0	50 000	50 000
External Areas	0	0	0	0	0	0
Internal Areas	0	20 000	0	0	28 000	28 000
Services Installations	0	0	158 000	0	158 000	158 000
Environmental and ICPE	0	0	0	0	0	0
General Contingency and Fees	0	18 550	41 870	0	62 540	62 540
Total (€)	0	88 550	199 870	0	298 540	298 540

Legal Issues

21. We have not identified any legal issues at the hotel.

Documents

We have been provided with access to the online data room. The documentation reviewed has been referred to as necessary in this TDD report. The documentation is comprehensive but not complete. The “Q&A” (Questions & Answers) option within the data room has been made available for use during the due diligence process and our questions have been posted directly. The list of documents that have not been provided in the data room is provided in Appendix 1.



Conclusion

22. Further investigations are not considered necessary for the hotel.

We recognise that your decision to proceed with this transaction is dependent on professional advice from a number of sources and not just our comments alone. From a Building Surveyor's viewpoint, we have no reason to caution you against proceeding with the transaction proposed, but you should do so having first considered carefully, and reflected on, all the comments in this report.



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Written by:	Aurelie Hubert
Checked by:	Garth Ball, MRICS
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1. General Information

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1.1. Scope of Instructions

Property address: 23/25 Rue du Pont Neuf, 75001 Paris, France

Client: Ashil Sodha, Tristan Capital Partners, Berkeley Square House (8th Floor), Berkeley Square, London W1J 6DB, United Kingdom.

Savills instructions: This Technical Due Diligence Report has been undertaken in accordance with our fee proposal dated 09 November 2023 and the scope of services set out therein. You have informed us that you are proposing to provide finance on the freehold interest in the property.

This report is intended for the addressee only and third parties are not permitted to rely on the contents without the express permission of Savills France.

1.2. Survey Limitations

This Technical Due Diligence Report and our inspection have been undertaken and prepared in accordance with our Standard Survey Limitations (Commercial Building Surveys), which is attached as an appendix.

No opening up or testing of the building fabric or building services installations has been undertaken unless stated to the contrary in this report.

Given that you are acquiring the freehold interest in the property, our inspection and report concentrate on significant items of disrepair. Minor disrepair items are therefore excluded from this report.

1.3. Inspection Details

This inspection was carried out by Aurelie Hubert and Graham Hough of Savills and Mustafa Darwish (MEP consultant) on 16 November 2023 and we were accompanied by the hotel general manager.

The hotel was not fully accessible as not every guestroom was visited. However, we have visited the following guestrooms which have allowed us to get an overview of the different room categories, specifications and condition: 308 (Executive), 405 (Superior), 402 (Deluxe), 510 (Executive), Pont-Neuf Suite, 603 (Junior Suite) and the Roof-top Suite. The inspection was undertaken on a visual basis, without proving materials or destructive investigations. Photographs are used to clarify the text.

The weather was rainy and cool for the duration of the inspection.

The elevation facing Rue du Pont-Neuf is deemed to face south-east, with all other directional references following this orientation.

1.4. Documents

The documentation reviewed has been referred to as necessary in the report. The documentation is comprehensive but not complete. The “Q&A” (Questions & Answers) option within the data room has been made available for use during the due diligence process and our questions have been posted directly. The list of documents that have not been provided in the data room is provided in Appendix 1.

2. Property Description

2.1. General Description

The subject property is a building originally built around 1860 (according to the Architectural Notice by Atelier COS dated 17 January 2014) and last renovated and converted into a hotel in December 2016. It is situated in the 1st district ('Arrondissement') of Paris (75) and is located in the city centre, near the Louvre Museum, Le Samaritaine shopping centre and the Seine ('Pont Neuf' bridge). The property is accessible by public transport. The subject property comprises a nine-level hotel building (6 upper floors) with 60 room keys which are on the upper levels and ground floor. The hotel has 5 different room categories which are as follow:-

- 28 Superior rooms (22 m²)
- 12 Deluxe rooms (26 m²)
- 15 Executive rooms (28 m²)
- 3 Junior Suites (30 m²)
- 2 Suites (33 and 28 m²)

The hotel amenities include a restaurant (named 'Odette'), a spa (named 'Spa Pont-Neuf') and a gym. The hotel also has a central courtyard.

There are three entrances to the hotel: the main hotel entrance, the restaurant entrance and the staff entrance. The staff and welfare accommodation is on the second basement level. The technical rooms are located to the first and second basement levels.

The site is bounded by Rue du Pont Neuf to the south-east, and adjacent buildings to the other directions within the terrace. The boundary of the property is outlined in red in the aerial photograph over the page.

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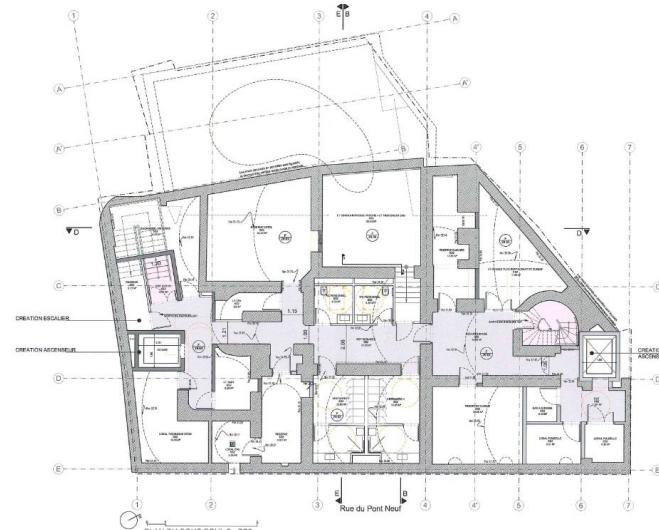
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Hotel location plan

2.2. Site Plans

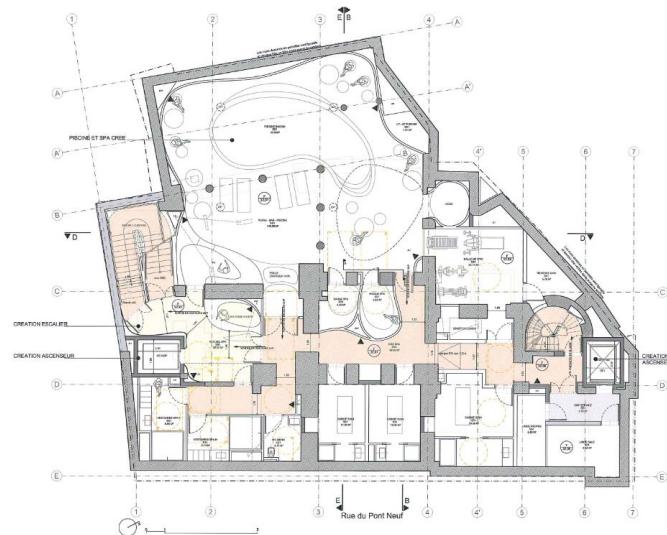
The series of Site Plans below show the layout of the hotel. It is provided in the data room as part of the building permit application file dated 12 November 2013.



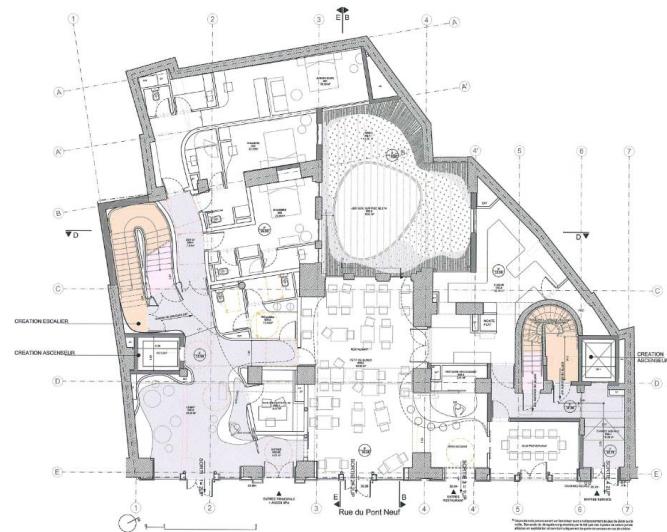
Site plan – 2nd basement level

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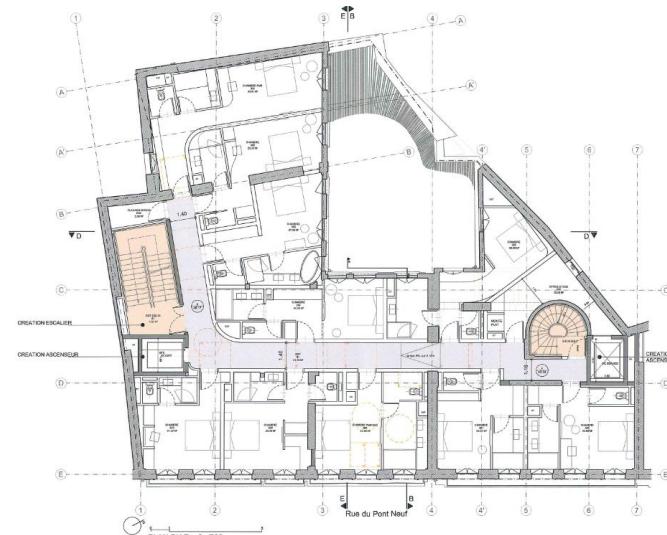
Site plan – 1st basement level



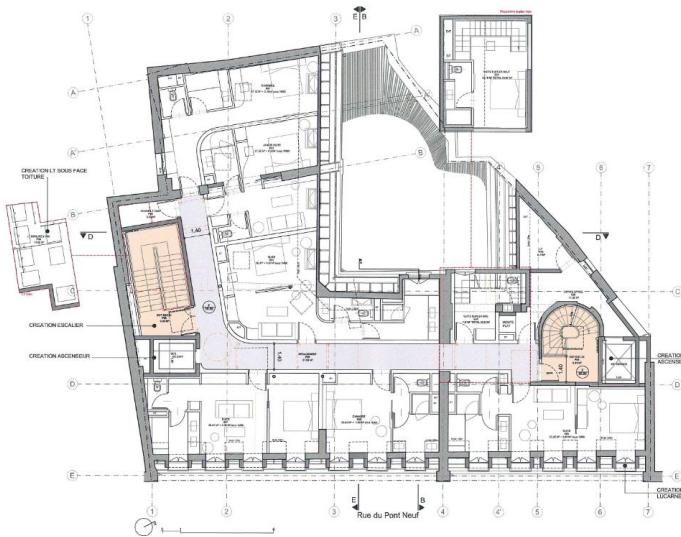
Site plan – Ground floor level

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Site plan – Typical floor plan (3rd floor)

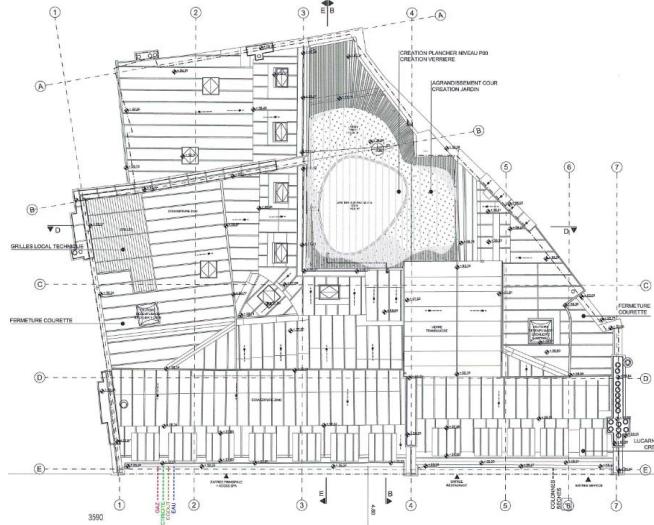


Site plan – 6th floor with duplex mezzanine

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savills



Site plan – Roof level

2.3. Form of Construction

The characteristics of the building's construction are summarised in the table below.

Element	Description
Date of construction completion	Original construction around 1860 (according to the Architectural Notice by Atelier COS dated 17 January 2014). Last renovation and hotel conversion December 2016.
Number of floor levels	Nine in total: 2 basement levels, ground floor and 6 upper levels.
Number of Keys	60
Room Categories	5 categories: 28 Superior, 12 Deluxe, 15 Executive, 3 Junior Suites, 2 Suites.
Surface area	<ul style="list-style-type: none">- Total land surface: 520 m² (according to title report by Gexpertise Conseil dated 13 June 2013).- For the building, the total surface in SDP according to the architect, Atelier Cos, building permit file is 3,087.49 m².

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Storey heights	<p>Check measurements of the clear heights measured on site are:</p> <ul style="list-style-type: none">▪ 2.8 m in the reception hall.▪ 2.42 m in the corridor (3rd floor).▪ 2.17 to 2.40 m in the visited guestrooms.▪ 2.23 m in the spa / gym area.
Form of Construction	<p>Solid masonry incorporating reinforced concrete and structural steel, with vaulted stone basement space / substructure. Metal-covered pitched roof, painted timber-framed window units front and rear.</p>
Heating, Cooling and Ventilation System	<ul style="list-style-type: none">▪ Reversible heating and cooling system using outdoor Variable Refrigerant Volume (VRV) units and indoor terminal treatment units in guest rooms. CPCU district heating network for domestic hot water production.▪ Mechanical ventilation for toilets and bathrooms, and natural ventilation in guest rooms.
Fire Protection System	<ul style="list-style-type: none">▪ Fire alarm system includes smoke detection, sirens, and push-button call points. Addressable smoke detectors to each guestroom and to common areas.▪ Portable fire extinguishers throughout.▪ Emergency lighting throughout.▪ Smoke venting on two staircases.▪ Dry riser to each staircase with two outlets / landing valves at each level and fire brigade connections (inlets) at street level.

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2.4. Accommodation Provided

	Measurement surveys (géomètre surveys)*				Permitted surface**
Building	SHOB ¹ (m ²)	SHON ² (m ²)	SDP ³ (m ²)	Utile ⁴ (m ²)	(m ²)
2 nd basement level					260.37
1 st basement level					325.73
Ground floor					371.69
1 st floor					370.26
2 nd floor					363.54
3 rd floor					364.81
4 th floor					363.96
5 th floor					361.37
6 th floor					305.76
Total	Not Provided	Not Provided	Not Provided	Not Provided	3,087.49

*	Summary of measurement surveys (Géomètre surveys) on the property has not been provided.
**	From modified building permit(s) application file.
¹	SHOB (<i>Surface Hors Œuvre Brute</i>) = Gross surface area. The surface of each floor including basements, roofs and terraces.
²	SHON (<i>Surface Hors Œuvre Nette</i>) = Net surface area. The surface of each floor with a clear height of at least 1.8m, excluding plant rooms, car parking and non-habitable rooms. Roof areas, terraces and balconies are not included. This area is used for administrative purposes.
³	SDP (<i>Surface de Plancher</i>) = Net surface area of each floor with a clear height of at least 1.8m, excluding plant rooms, car parking and non-habitable rooms. Roof areas, terraces and balconies are not included. This area is used for administrative purposes.
⁴	SU (<i>Surface Utile</i>) = Net surface area in ' <i>utile</i> ' is the net surface area normally used for leases. The Gross Lettable area (<i>Surface Utile Brute</i>) excludes structural elements (columns and walls, etc.) and vertical circulation areas. For the Net Lettable area (<i>Surface Utile Nette</i>) horizontal circulation areas, welfare facilities and sanitary are excluded.

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There is nothing to suggest that the as-built areas for the building do not comply with the permitted Surface de Plancher, plus a 2% tolerance. However, only a measurement survey in Surface de plancher would provide further clarification on this.

The certificate of conformity issued by the local authority has not been provided. As the building is open to the public (an ERP building), this document should be provided.

2.5. Title / Ownership

The freehold interest is depicted in Land Title report by Gexpertise dated 13 June 2013 and summarised in the table below. The Title Plan (*Plan de Situation*) is shown below.

Parcels Designation				
Municipality	Section	Number	Address	Surface (m ²)
Paris (1 st district)	AT	70	23-25 rue du Pont Neuf	520
Total				520



Title plan

2.6. Tenure

Centaurus (formerly Paris Inn) is the operator and owner of the hotels.

Please note that the Savills technical team have not looked at any operational contracts or agreements associated with the hotels.

2.7. General Photographs

General photographs of the hotel are shown below.



Hotel lobby



Hotel courtyard

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Guestroom #510



Bathroom #603



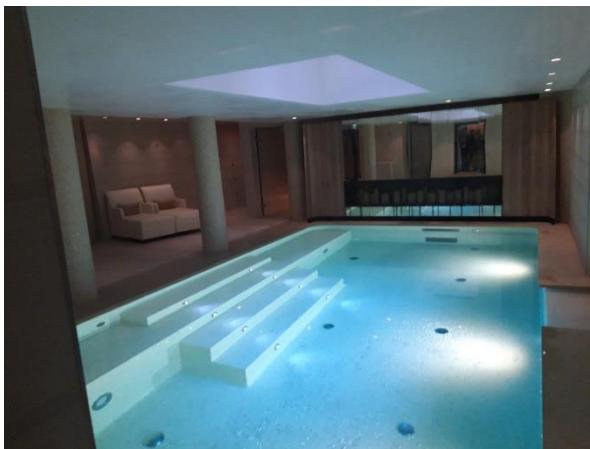
Odette restaurant



Odette restaurant

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Spa Pont-Neuf – Swimming Pool



Spa Pont-Neuf - Gym

3. Structural and Building Fabric Assessment

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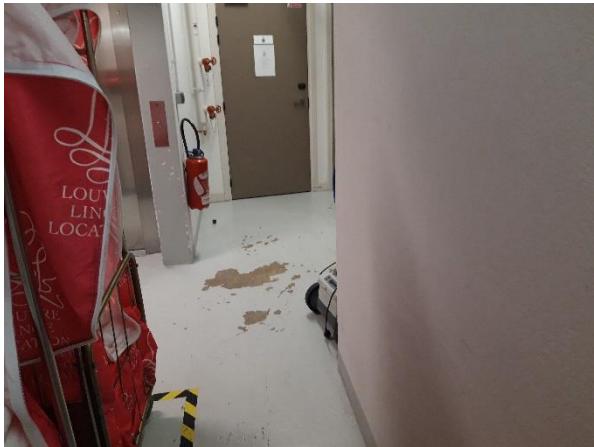
23/25 Rue du Pont Neuf, 75001 Paris, France



3.1. Substructure

The basement structure is made of load-bearing masonry and reinforced concrete. The structure is assumed to bear-off simple concrete and stone foundations.

- 3.1.1. **Assessment:** The substructure is in good condition and no signs of subsidence, heave or displacement were identified as part of our inspection.



Reinforced concrete structure



Load bearing masonry

3.2. Superstructure

The building structure is made of solid load-bearing masonry and steel with concrete floors reinforced with steel beams.

- 3.2.1. **Assessment:** The structure of the building is in good condition and no visible displacement, failure or damage was noted.
- 3.2.2. **Assessment:** The structural frame provides good floor-to-ceiling heights (see table in section 2.3).



Fire-protected steel beam for slab reinforcement



Fire-protected steel column

3.3. Roofs

The pitched roofs are formed with a zinc covering over thermal insulation. The flat technical roofs are formed with built-up felt. A secure access to the HVAC equipment is provided from level 6 technical room which includes a fixed ladder to access upper equipment.

- 3.3.1. **Assessment:** The roof zinc covering is in good condition (renovated in 2016). We saw no evidence of leaks and water damage.



Hotel roof



Technical roof access

3.4. Facades

The front facades are typical Paris Haussmannian façades with ashlar stone masonry with decorative features and painted wrought iron balconies. The courtyard facades are formed with masonry and a render finish. Front and courtyard windows are timber-framed with double glazing and provided with metal balustrades (railing) to the exterior.

- 3.4.1. **Assessment:** The façades to the building (front and courtyard) appear in good condition. No major damage was noted.
- 3.4.2. **Assessment:** On the basis that the French Building and Housing Code "Code de la Construction et de l'Habitation" (CCH) in articles L. 126-2 and L. 126-3 requires façades of buildings in Paris to be renovated every 10 years, we have allocated a cost for façade cleaning and repainting in the medium term.
- 3.4.3. **Assessment:** The hotel façades are of solid masonry with internal thermal insulation so there is a low risk of flame spread as indicated in the Tristan Façade Fire Safety Risk Matrix.

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Front Façade of Hotel



Courtyard Facade

3.5. External Areas

The hotel benefits from a central courtyard with small trees, with a skylight over the swimming pool downstairs. There is a small terrace with timber flooring. There is a public concrete pavement to the front of the hotel. Other elevations of the hotel are terraced walls shared with the neighbouring properties.

- 3.5.1. **Assessment:** The courtyard terrace with garden is well maintained and in a good condition. ●



Courtyard terrace



Public pavement

3.6. Internal Areas - Guestrooms

The bedrooms are formed with plaster walls, covered with pleated fabric or velvet, and carpet floor finish, with a plaster suspended ceiling. The en suite bathrooms are covered with stone tiles. Some bedrooms are provided with bath tubs (14 according to hotel's manager), most are provided with en suite shower rooms.

- 3.6.1. **Assessment:** The finishes and fittings of the guestrooms are in a satisfactory condition. The interior is well maintained.



Guestroom #308



Bathroom #308

3.7. Internal Areas – Amenities (Restaurant, spa, and gym)

The internal areas of the restaurant are formed with decorative timber wall coverings and a plaster ceiling. Some areas of the ceiling also have a decorative timber cladding. The restaurant has a parquet floor. The internal areas of the spa are formed with stone tiles on the walls and plasterboard suspended ceilings. The spa has a tiled flooring finish. The gym is formed with plaster walls and plaster suspended ceiling, with a laminated timber flooring finish.

- 3.7.1. **Assessment:** The finishes and fittings of the hotel amenities are in a satisfactory condition.
- 3.7.2. **Assessment:** The mosaic tiles in the swimming pool are lifting (re-occurring issue). There might be an issue with the compatibility with the waterproofing membrane. We have included an allowance for conducting an investigation to locate the source of the tile issue and undertake necessary repairs.

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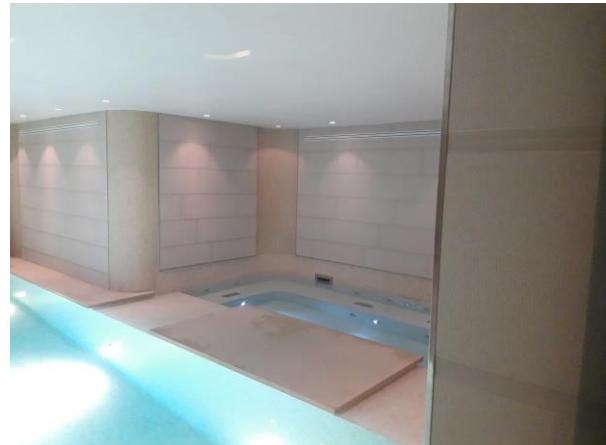
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- 3.7.3. **Assessment:** Water ingress is visible on the skylight above the swimming pool. The waterproofing needs to be checked. We have included an allowance for conducting an investigation to locate the source of the water ingress and undertake necessary repairs.



Hotel Restaurant



Hotel Spa

3.8. Internal Areas – Reception Hall & Corridors

The internal areas of the lobby are formed with plaster ceiling and plaster walls covered with fabric. The entrance corridor is clad with mirrors and has a tiled floor finish. The lobby has a parquet floor, and the bar and the restaurant have a timber effect floor finish. The walls of the guestroom corridors are formed with textured stone covering at the bottom and leather covering at the top. The ceilings are formed with plasterboard; corridors have a carpet floor finish.

- 3.8.1. **Assessment:** The finishes and fittings of the reception lobby are in a satisfactory condition. The interior is well maintained.

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Entrance foyer

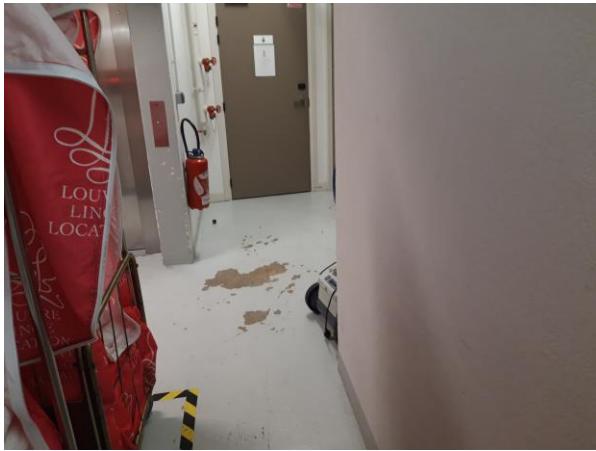


Guestroom corridor

3.9. 'Back of House' Areas

The back of house areas have a paint finish; floors are coated with epoxy or have a tiled finish.

3.9.1. **Assessment:** The finishes of the back of house are in a satisfactory condition. However, we noted that the epoxy coating to the floor is lifting in several areas. We have allowed a cost to re-apply an epoxy coating to the affected areas.



'Back of House' Areas



'Back of House' Areas

4. Building Services Installations Assessment

4.1. Introduction to Building Services

The building services have been inspected by a specialist Mechanical, Electrical and Plumbing (MEP) engineer, working directly for Savills as a sub-consultant. Their findings are set out below.

4.2. General Services Overview

- 4.2.1. **Assessment:** The building services are currently 7 years old (installed in 2016) and are in a good condition commensurate with their age and use. The building services should remain operational and in a serviceable condition during the 10-year capex period.

4.3. Heating, Cooling and Ventilation

The building's heating and cooling system consists of a combination of outdoor, reversible Variable Refrigerant Volume (VRV) units providing reversible heating and cooling to guest rooms and the entrance lobby. These units are installed on the roof and feed into multiple indoor terminal treatment units installed either in corridor or guest room ceiling voids as well as common areas (entrance lobby, dining area and gym). Terminal treatment units are accessible via visible access panels in the ceiling near the entrance of each guest room.

VRV outdoor units use a direct expansion (DX) system where outdoor units with variable capacity compressors are connected to multiple indoor units. This system can provide either heating or cooling depending on the season. The change of mode occurs centrally via a proprietary, centralized control system provided by Daikin. This system is installed on the ground floor.

A total of seven VRV units are installed on site, with six units feeding the guest rooms (1 per floor) and 1 VRV unit feeding the entrance lobby. All units are of make Daikin using R410A refrigerant.

Each guest room is equipped with a supply and return air grille in addition to a wall-mounted thermostat. Temperature control and fan speed can be controlled by each guest using the thermostat. Common areas such as the entrance lobby are equipped with helicoid shaped diffusers providing heating and cooling to the area.

A Daikin centralized system is installed in the ground floor office providing control and monitoring of the indoor units.

The restaurant and kitchen are provided with ventilation and terminal treatment from dedicated Air Handling Units fed with chilled water and hot water from a dedicated air-cooled heat pump.

4.3.1. **HVAC Assessment:** The choice of outdoor VRV systems for heating and cooling is adequate given the limited space in the basement floor of the hotel and the space restrictions on the roof. Indoor units within the ceiling void (plenum) are also adequately installed given the available floor to ceiling heights in guest rooms. The outdoor and indoor units are maintained and repaired by a specialist maintenance contractor according to the hotel's General Manager.

4.3.2. **VRV Assessment:** The VRV system was installed in 2016 and is in good condition. No Capital expenditure is anticipated in the long term.

VRV systems are installed in compliance with the applicable code at the time of installation. The typical lifecycle of VRV systems is between 15 and 20 years.

4.3.3. **Heating Assessment:** The use of CPCU district heating is suitable for the hotel.

The typical lifecycle of CPCU District heating installation is between 25 to 30 years.

4.3.4. **Maintenance Assessment:** The mandatory periodic verification report for gas installations, which is required every year, has been undertaken by Qualiconsult and provided in the data room. The report dated 10 October 2023 has no observations.

4.4. Electrical Installations

The building incoming power consists of a 240 kVA / 400 V Yellow Tariff meter feeding electric power to one base building switchboard. The main switchboard (TGBT) supplies the sub-main distribution boards feeding the hotel floors (1 distribution board per floor feeding the guest rooms) and the common areas (lobby, restaurant, and kitchen).

Power cabling is channelled through each of the two hotel floors via dedicated risers located in the corridors. Each riser includes power, IT/low voltage, and fire alarm cabling.

The floor distribution panels feed the guest room small power sockets, lighting fixtures, TV sets, towel dryers, and indoor air-conditioning terminal treatment units.

Lighting to the front of house is provided by a combination of suspended and decorative LED lighting fixtures. Hotel guest rooms are provided with a combination of ceiling mount spotlights, decorative, wall mount chandelier type lighting and bed side tube spotlights.

4.4.1. **Assessment:** Electrical installations including power and lighting are suitable for the hotel. The electrical installations comply with the local electrical design code.

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- 4.4.2. **Assessment:** The electrical lighting and power distribution installations were installed in 2016 and are in good condition. No capital expenditure is anticipated in the next 10 years.

The typical lifecycle of electrical systems is between 20 and 25 years.

- 4.4.3. **Assessment:** The verification report for the electrical installations has been reviewed in the Assessment of Statutory Compliance Section below.

4.5. Fire Protection Systems

The building is not equipped with an automatic water sprinkler system. The French code does not stipulate a sprinkler system for a low-rise hotel building like this. The fire protection systems include a category A, type 1 fire alarm system plus a pair of dry risers, portable fire extinguishers and natural smoke extraction for emergency staircases.

Smoke extraction: The building smoke extraction consists of smoke vents at the top level of the emergency egress stairs. Smoke vents are manually operated and switches are installed at the ground floor of each staircase. No mechanical smoke extraction is provided in the guest room floor corridors (escape route). The ground floor lobby smoke extraction is natural via door openings.

Fire alarm: The building is equipped with a public receiving facility (ERP) compliant, category A, type 1 fire alarm system consisting of a main fire alarm control panel, and a control and signalling panel, connected to smoke detectors in guest rooms, common areas and circulation areas with manual call points at egress staircases with audible alarm sirens. The fire alarm panel is installed on the ground floor in a dedicated space in the entrance lobby. The fire alarm system is by Siemens (fire alarm control panel model: Cerberus STT10, control and signalling equipment panel: FC2040-ECS).

Other fire protection installation includes fire rated doors between compartments on each guest room floor, manual call points and audible sirens, and standalone emergency lighting.

Disabled persons (PMR) guest rooms are equipped with light strobes in bathrooms to alert guests visually in case of a fire incident.

The highway to the front of the building is wide enough to allow access to the fire tender.

- 4.5.1. **Assessment:** Fire protection systems are adequate and suitable to the building given the hotel's size and type of amenities provided.

4.5.2. **Assessment:** The building life safety systems were installed in 2016 and are in good condition. No capital expenditure is anticipated in the next 10 years.

4.5.3. **Assessment:** These systems comply with the French fire safety code and the public receiving facility (ERP) code. The typical lifecycle of fire protection systems is between 15 and 20 years except for portable fire extinguishers which have a lifecycle of 10 years.

4.5.4. **Assessment:** The verification reports for the fire protection systems has been reviewed in the Assessment of Statutory Compliance Section below. The latest version (year 2023) of the fire alarm system, smoke extract system, emergency lighting, portable fire extinguishers and dry risers will need to be provided in the data room for review.

4.6. Domestic Water Services

The building is provided with one potable water feed from one water meter supplying the entire hotel building.

A centralized hot water production is achieved via CPCU district heating network substation consisting of a single heat exchanger and a pair of hot water storage tanks of 1,500 litres each, feeding the guest room toilets and bathrooms as well as the restaurant and kitchen. The guest washrooms sanitary fixtures include hand wash basins, toilets, and bathtubs. The fixtures and accessories were installed 2016.

4.6.1. **Assessment:** Domestic Water Services including hot water production are adequate and suitable given the hotel building's size and amenities provided.

4.6.2. **Assessment:** Domestic water services are in good condition. No capital expenditure is anticipated in the next 10 years.

4.6.3. **Assessment:** The installation is compliant with the plumbing building code. Plumbing fixtures have a typical lifecycle of 20 to 30 years.

4.7. Public Health Systems

The hotel is provided with gravitational soil/greywater and storm drainage networks connected to the public sewer located in the basement level. Each hotel wing is connected to the public sewer via a physically separate connection.

4.7.1. **Assessment:** Public health systems are compliant with the building code at the time of the hotel's construction.

4.7.2. **Assessment:** Public health systems are in good condition. No evidence of leaks was noted on the visible part of the pipework during the site inspection.

4.7.3. **Assessment:** The drainage system is unitary with soil/wastewater and storm water channelled to the public sewer using the same pipe network. This is suitable for the hotel. Due to physical construction and building occupancy constraints, drainage networks cannot be easily separated during the hotel's operation to meet the latest drainage design guidelines.

4.8. Lifts (Vertical Transportation)

The building is provided with three Kone lifts as follows:-

One passenger lift serving the second basement to the 6th floor with a capacity of 630 kg / 8 persons.

One personnel lift serving the first basement to the 6th floor with a capacity of 630 kg / 8 persons.

One service lift serving the second basement to the ground floor with a capacity of 630 kg / 8 persons.

4.8.1. **Assessment:** The lift designs and installations are adequate and suitable for the hotel building and use.

Lifts are compliant with SAE safety codes.

4.8.2. **Assessment:** The lifts appear to be well maintained and in good condition. No issues were encountered during the site inspection.

4.8.3. **Assessment:** The lifts were installed in 2016 are in good condition. No capex is anticipated in the next 10 years.

Lifts have a typical lifecycle of 30 to 35 years.

4.9. Other Installations

There is specialist equipment at the hotel in the form of low voltage systems covering guest room experience and security. These systems are summarized as follows:-

- Wireless access for guest rooms. This includes the installation of wireless access points in guest room floor corridors.

- IT racks containing hotel operations and security servers. Two IT rooms are provided for the hotel in the basement.
- An IP-based hotel interactive television system (HITV) including TV sets and set top boxes in guest rooms.
- Dome-shaped CCTV cameras covering guest room floor corridors.
- Centralized vacuum cleaning system. Two vacuum cleaning plant rooms are provided in the basement.

4.9.1. **Assessment:** Installations are typical of a hotel environment. •

4.9.2. **Assessment:** Installations appear to be well maintained and are in good condition. •

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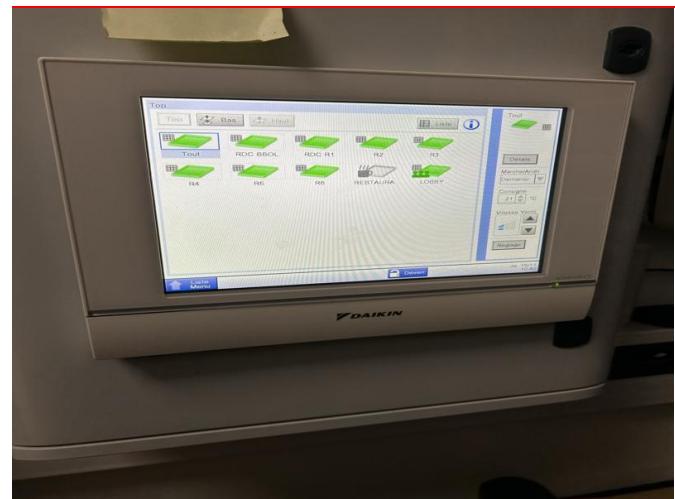
CPCU district heating substation



Restaurant AHU



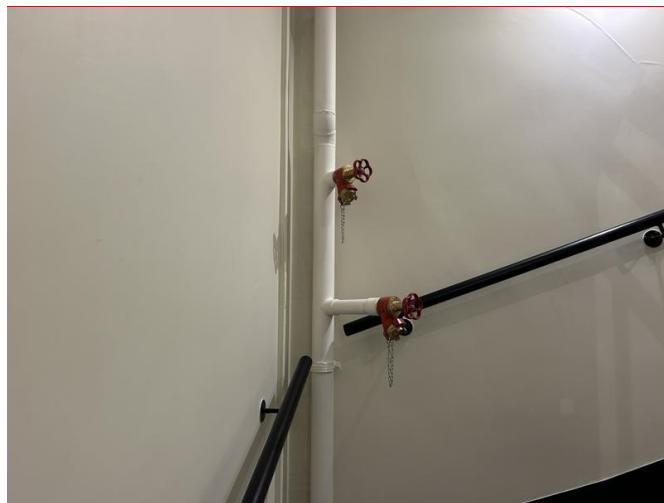
Room fan coil unit



HVAC control panel (make: Daikin)

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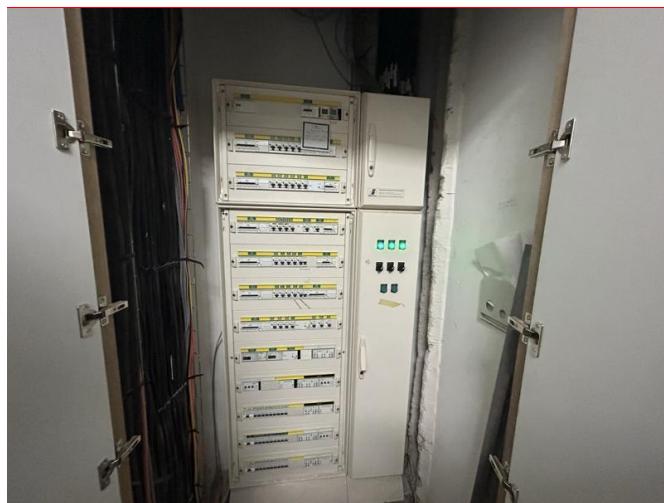
23/25 Rue du Pont Neuf, 75001 Paris, France



Staircase dry riser



Fire alarm control panel



Hotel main switchboard



Smoke detector

5. Legal Issues

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We provide commentary below on issues identified by us relating to Title and ownership, however it is assumed that your solicitors are principally advising you on these issues. We also analyse construction documentation – building contract, appointments, warranties / insurances and guarantees.

5.1. Title Issues

5.1.1. Boundaries

The boundaries on site reflect the limits as depicted in the Title plan. The boundaries to the property are clearly defined between the subject property and the neighbouring properties.

5.1.2. Easements and Rights of Way

According to the provided Title report by Gexpertise dated 13 June 2013, there are three easements on the property. Two of them no longer exist. From the plans attached to the report, it would appear that the third easement no longer exists either but we do not have documentation to confirm this.

Assessment: We have asked in the data room to confirm that there is no easement on the property. ●

5.1.3. Neighbourly Issues

The hotel shares common walls in the terrace with the two neighbouring properties.

5.2. Construction Documents

Principle construction documents summarised in the table below.

Document	Author and date	Savills' Comments	Risk Rating
Final Report by Building Control <i>(Rapport Final de Contrôle Technique – RFCT)</i>	By Qualiconsult dated 07 December 2016	<p><u>The report covers the following operations:</u></p> <p>L = the soundness and compliance of the works and the inseparable equipment (for example, foundations, frame, envelope and service connections to the property)</p> <p>SEI = the security for occupiers of a public access building (ERP) or high-rise buildings (IGH) following completion (for example, fire precautions, electrical distribution, lifts, automatic doors and mechanical services)</p>	●

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Document	Author and date	Savills' Comments	Risk Rating
		<p>HAND = building accessibility to disable people</p> <p>LE = the soundness of the existing structure for the extensions</p> <p>AV = concerns the stability of the neighbouring properties</p> <p>PV = concerns the testing/commissioning by the contractors before handover of the as built drawings</p> <p>The report is complete and contains no observations for outstanding conformity issues.</p>	
Handover certificates <i>'Procès-Verbaux de Réception de Travaux'</i> (PVRT)	Dated 23 November 2016	The document is signed and provided with a list of snagging.	●
Completion of snagging certificates <i>'Procès-Verbaux de Levée des Réserves'</i> (PVLR),	Dated 13 October 2015	Only the certificate for the asbestos removal works has been provided. The document is not signed by the owner.	●
Decennial insurance <i>'Assurance Dommage Ouvrage'</i> (DO)	Issued by AXA France IARD, and dated 12 July 2016 (Policy N° 6786991904)	The policy is for an estimated total construction cost of €9,193,364. The 10 years of cover are provided from the date of completion 23 November 2016. The documentation appears to be in order, however, the certificate of final payment should be obtained for completeness. The summary of claims has not been provided.	●
As-Built File ' <i>Dossiers des Ouvrages Exécutés</i> ' (DOE)		The DOE has not been provided in the data room.	●

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Document	Author and date	Savills' Comments	Risk Rating
Building Maintenance Instructions (<i>Dossier d'Intervention Ultérieure sur l'Ouvrage – DIUO</i>)		The building maintenance instructions (DIUO) has not been provided in the data room.	●

For further details, including legal requirements, for each of the following documents please refer to Document Information attached as an appendix.

5.3. Building Regulations

The property is subject to the workplace regulations “*Code du Travail*” applicable at the time of construction. It is also subject to the public access (ERP) regulation, please refer to section 6 for further details.

6. Assessment of Statutory Compliance

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6.1. Building Permits

The planning permits '*Permis de Construire*' (PC), declaration of completion '*Déclaration Attestant l'Achèvement et la Conformité des Travaux*' (DAACT) and the certificates of conformity, and other documents in relation to the subject property are the following:

Number	Date delivered	SH OB (m ²)	SDP (m ²)	Comments	Declaration of completion (DAACT)	Non Opposition to the Compliance
PC075 101 14 V0017	07 August 2014	-	3129	- Change of destination of an office building into a hotel with a restaurant	-	-
PC075 101 14 V0017 T01	20 August 2015	-	-	- Building permit transfer from Paris Hotel Capital to SAS Hôtelière Paris Céline	-	-
PC075 101 14 V0017 M02	18 August 2016	-	Demolished: 319 Created: 278	- Closing of 2 small courtyards, modification of windows, modification of street access door, creation of a lift, decrease of floor area	21 December 2016	-

For comparison between the authorised areas and surface given by measurement surveyor (Géomètre), see section 'Accommodation provided' in chapter 2.

We have not been provided with the building permits prior to the hotel conversion. The first modified building permit of the hotel conversion is also missing. However the provided documentation is sufficient for the proposed transaction.

We understand that the full building permit history is being reviewed by your notary as part of the due diligence.

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6.2. Health, Safety and Fire Regulations

The property will be subject to the work place regulations “*Code du Travail*” applicable at the time of construction.

It is also subject to the Public Access (ERP) with regard to fire safety.

6.3. Social Inclusion

An accessibility certificate by Qualiconsult dated 18 November 2016 has been provided and confirms the compliance of the building.

The building was constructed following implementation of the accessibility regulations and should be fully accessible.

The access provisions at the building include the following and are considered satisfactory:-

- Accessible guestrooms
- No step to hotel entrance
- Accessible WCs
- Accessible lifts

For further details, including legal requirements on social inclusion, please refer to the Document Information attached as an appendix.

6.4. Public Access (ERP) Regulation

The building is also subject to public access (*Etablissement Recevant du Public (ERP)*) regulations.

The periodical inspection certificate from the Security Commissioning Department (*Sous-Direction de la Sécurité du Public*) of the Prefecture of Paris, dated 15 June 2022, indicates the following information:

Building	Category (Type)	Total Headcount	Favourable Opinion (Yes/No)	Number of observations / recommendations
Maison Albar Pont Neuf	4 (O and activity of type N and X)	242 (148 for the hotel + 94 for restaurant) and 31 staff	Yes	9 maintenance and operation observations

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The verification report by Qualiconsult (building control), dated 02 February 2022, for ERP buildings concerning the triennial verification of the fire safety system has been reviewed. The report identified some shortcomings and non-conformities related to fire safety and ERP regulation. These are discussed in section 4.5 above.

6.5. Asbestos Regulations

The use of products containing asbestos has been prohibited in France since 1996. Therefore, since 1st January 2006, an asbestos report (Dossier Technique Amiante – DTA) has been required for all buildings with a building permit delivered prior to 1st July 1997.

Assessment: The asbestos report before works '*Rapport de repérage des matériaux et produits contenant de l'amiante avant réalisation de travaux*' by QUALICONSULT dated 14 January 2015 concluded that there were asbestos containing materials in the flue on the 2nd floor roof, in the ventilation duct in the 1st basement level, and in the ducts in the 1st basement level. During the conversion works, remedial works were undertaken. We have been provided with the snagging certificate by MBI dated 13 October 2015. On the basis of documents seen, there should not be any remaining asbestos-containing materials in the property but we have not been provided with the updated asbestos report after work - '*Dossier Technique Amiante (DTA)*' - to confirm that.

6.6. Testing

The necessary reports were obtained from the hotel's operations and maintenance team to ensure they are complying with the relevant local building codes. We report as follows:-

6.6.1. Electrical and Gas Installations

Statutory Testing	Frequency Required	Testing contractor / company name	Date of Last Report	Comments	Risk rating
Electrical Installations – French labour code (<i>Code du Travail</i>)	Annually	Qualiconsult	April 12, 2023	No observations	●

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Statutory Testing	Frequency Required	Testing contractor / company name	Date of Last Report	Comments	Risk rating
Electrical Installations - French labour code (<i>Code du Travail</i>)	Annually	Qualiconsult	October 19, 2023	Q18 conformity certificate to be provided	●
Electrical Installations – public receiving facility (ERP)	Annually	Qualiconsult	April 12, 2023	No observations	●
Gas Installations	Annually	Qualiconsult	June 3, 2022	No observations. 2023 report required. Conformity certificate provided by maintenance provider.	●

6.6.2. Fire Protection Systems

Statutory Testing	Frequency Required	Testing contractor / company name	Date of Last Report	Comments	Risk rating
Fire Alarm System	Triennial (3 years)	Qualiconsult	January 28, 2022	Two maintenance observations and non-conformities; testing of fire alarm interface with revolving	●

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Statutory Testing	Frequency Required	Testing contractor / company name	Date of Last Report	Comments	Risk rating
				doors + missing documentation	
Fire Alarm System	Annually	IPSI	February 17, 2023	Q7 conformity certificate provided, additional document required for further review	●
Fire Alarm System	Annually	IPSI	June 2, 2022	Maintenance reports provided; missing drawings and system O&M manual	●
Emergency lighting	Annually		June 2, 2022	2 emergency lights to be replaced; 2023 report required	●
Extinguishers	Annually	IPSI	June 2, 2022	2023 report required	●
Smoke Extraction (Natural)	Annually	IPSI	June 2, 2022	No observations. 2023 report required	●
Dry Risers	Annually			Not provided	●

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6.6.3. Other Tests

Statutory Testing	Frequency Required	Testing contractor / company name	Date of Last Report	Comments	Risk rating
Lifts – Entrance lobby and guest room lift (main lift)	Annually	Qualiconsult	January 17, 2022	1 maintenance observation; missing maintenance documentation for this lift	●
Lifts – Entrance lobby and guest room lift (main lift)	5-year	Qualiconsult	January 17, 2022	No observations	●
Lifts – Goods lift (hotel staff)	Annually	Qualiconsult	January 17, 2022	No observations.	●
Lifts – Goods lift (hotel staff)	5-year	Qualiconsult	January 17, 2022	1 maintenance observation; missing maintenance documentation for this lift	●
Lifts – Room Service	Annually	Qualiconsult	January 17, 2022	1 maintenance observation; missing maintenance documentation for this lift	●
Lifts – Room Service	5-year	Qualiconsult	January 17, 2022	1 maintenance observation, repair works required on lift cabin	●

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Statutory Testing	Frequency Required	Testing contractor / company name	Date of Last Report	Comments	Risk rating
Lifts – Parachute and lift car cable test report (1 report for each of the 3 lifts)		KONE	June 2, 2022	No observations; tests successful	●
Lifts – CE certificates (1 certificates for each lift) – 3 lifts in total	Upon installation	KONE / CE	May 30, 2016 July 28, 2016 August 29, 2016	For information	●
Lifts – maintenance reports (Total 3 reports and 3 maintenance log books)	Annually and as necessary	KONE	January 2020 till June 2022	For information, preventive and corrective maintenance works carried out	●
Water Quality (Legionella)	Annually	Silliker SAS Mérieux Nutrisciences	July 27, 2023	No legionella detected in water samples (5 reports)	●
Automatic doors – outdoor revolving door	Annually	Qualiconsult	September 13, 2023	No observations	●
Automatic doors – indoor revolving door	Annually	Qualiconsult	September 13, 2023	No observations	●
Kitchen equipment		G3 Services	June 9 and 10, 2023	For information, Maintenance report.	●

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Statutory Testing	Frequency Required	Testing contractor / company name	Date of Last Report	Comments	Risk rating
Kitchen refrigeration equipment		G3 Services	June 8, 2023	For information; maintenance report for 1 preparation area, 2 cold stores and 1 garbage room	●

Assessment: The above-mentioned observations and non-conformities should be addressed as part of the hotel's operations and maintenance procedures.



Assessment: As part of good housekeeping, the mandatory inspection report for the dry risers should be obtained from the hotel's operations and management team to ensure they are complying with their legal obligations.



Assessment: A total of 13 water sample analysis reports are provided in the data room. These reports assess the water quality of the hotel's swimming pool and spa. However, we did not review these reports as they do not relate to legionella but to wider health and safety standards in general.



7. Environmental & Sustainability Assessment

7.1. Site Environmental Risk Assessment

We appointed environmental consultants, ICF environmental consulting and due diligence, on your behalf to carry out an environmental risk assessment of the site. The site environmental risk assessment report is attached at as an appendix.

Assessment: The overall site environmental risk assessment is low to moderate; we summarise the key points as follows:

- The owner must provide asbestos dust measurement and updated asbestos technical file.

7.2. Environmental Regulations

The building is subject to the 'RT2012' thermal regulations that took effect at the time of the building permit submissions after 28th October 2011. The regulations applicable to new buildings 'RT2020' would require further reduction in energy consumption of around 20% on average.

7.3. Flood risk

The site is not located within the perimeter of the flooding risk prevention plan of Paris.

7.4. Energy Performance Certificate

An Energy Performance Certificate (EPC) '*Diagnostic de Performance Energétique*' (DPE) which gives a rating on a scale of A to G (where A is best performing) for overall energy consumption and gas emissions with regards to the greenhouse effect has not been provided.

Assessment: An EPC file is required only in event of sale of the asset.

7.5. Energy Consumption Reduction Regulations in France (Décret Tertiaire)

The Décret Tertiaire is a legal text outlining essential measures for reducing energy consumption in tertiary sector buildings. The objective of the Décret Tertiaire is to reduce energy consumption in three stages:-

- A 40% reduction by 2030;
- A further 50% reduction by 2040;
- A final 60% reduction by 2050.

This Decree specifically relates to buildings that fall into one of the following three categories:-

- Tertiary activities located within a building with an area equal to or greater than 1,000 m²;
- Tertiary sector building with an area equal to or greater than 1,000 m²;
- Tertiary sector buildings of less than 1,000 m² located on a single site, with a total combined area equal to or greater than 1,000 m².

The owner of the hotel should have declared the energy consumption reference year on the OPERAT platform before 30 September 2022 (being 12 consecutive months of energy consumption between 2010 to 2019 when the hotel was in occupation), although a tolerance has been given until 31 December 2022. The annual consumption for 2020 and 2021 should have also been declared on the OPERAT platform before 30 September 2022.

7.5.1. **Assessment:** We have not been provided with the Energy Performance Certificate or the Declaration issued through the Operat Platform. The cost would need to be covered by the current owner. Typical solutions that will help reduce energy consumption and contribute to reaching the objective set by the Décret Tertiaire include:-

- Reducing temperature of hot water
- Implementing a BMS system for the HVAC and lighting (to comply with BACS regulation)
- Implementing fans coupled with the AC units (if free cooling is not available) ●
- Implementing a complete metering strategy for power, heating, cooling and water
- Implementing an Energy Management System coupled with the BMS
- Adding or improving thermal wall and roof insulation

Specialist environmental engineers will need to be appointed in order to conduct a more detailed and precise Décret Tertiaire assessment.

7.5.2. **Assessment:** There is no BMS in the hotel. Capital expenditure is provided in the medium term to install a BACS decree compliant BMS to provide monitoring and control of HVAC, lighting, and domestic hot water equipment in addition to metering capabilities. ●

7.6. **Sustainability of Building Design/Renewables**

The building is not equipped with solar panels for hot water or electrical production.

7.7. Ozone Depleting Substances (ODS)

Regarding Ozone Depleting Substances (ODS), the use of hydrochlorofluorocarbon (HCFC) refrigerants (ex. R22), in chiller units for example, is currently being phased out and the maintenance with recycled gas has not been permitted under European law from 01 January 2015. The report by *ICF* attached in appendix5 has not identified any equipment containing HCFC.

Assessment: The district cooling substation was installed in 2016 as part of the building overall renovation project. The associated fluid used on the site is R404a.

7.8. Environmental Labelling

The building has not been rated under any environmental standard (for example the French environmental standards for buildings HQE '*Haute Qualité Environnementale*', BBC '*Bâtiment de Basse Consommation*', THPE '*Très Haute Performance Energétique*' or BREEAM the British environmental standard which is gaining recognition in France).

Assessment: The building may be able to obtain HQE Exploitation or BREEAM In-Use. However, compliance with these standards, or the improvements that may be required, is outside the scope of this report and would require a specialist environmental inspection

7.9. Termites

According to the termite infestation plan dated 1 January 2019, produced by the Environmental Ministry, the department of *Paris* (75) is at high risk of termite infestation. A termite report is not required for the proposed transaction.

7.10. Legionella bacteria

Legionella analyses were carried out on the site by Mérieux in July 2023, in the bar, the boiler room and 3 bedrooms). The results indicate the absence of legionella.

8. Reinstatement Cost Assessment

In accordance with your instructions, we have undertaken a Reinstatement Cost Assessment (Fire Insurance Valuation) to assess the replacement cost of Property, France.

This assessment covers the landlord's base building as far as could be established by ourselves and the information made available to us.

1.1. Building Specification

The building is considered to be of a high level specification. The property is owned and operated by the same company.

Allowances have been made to ensure that the level of finish is appropriate to the standing of the building.

1.2. External Areas

Provision has been made for the hard and soft landscaping of the external areas of the building if applicable.

1.3. Assessment Evaluation

The total reinstatement costs without FF&E (Furniture, Fixtures & Equipment) and OS&E (Operating Supplies and Equipment).

Total Re-instatement Cost	€
Re-building cost	18 767 600
Demolition and site clearance	555 300
Sub-total	19 322 900
Professional fees @ [17.0 %]	3 284 893
Declared value (rounded)	22 607 793
VAT @ [20 %]	4 521 559
Recommended cover inc. VAT (rounded)	27 130 000

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The total reinstatement costs with FF&E and OS&E.

Total Re-instatement Cost	€
Re-building cost	18 767 600
Demolition and site clearance	555 300
Sub-total	19 322 900
Professional fees @ [17.0 %]	3 284 893
FF&E (Furniture, Fixtures & Equipment) @ 12% of construction costs	2 318 700
OS&E (Operating Supplies & Equipment) @ 8% of construction costs	1 545 800
Declared value (rounded)	26 470 000
VAT @ [20 %]	5 294 000
Recommended cover inc. VAT (rounded)	31 760 000

The gross area (which is 3,610.58m²) has been estimated based on the area in SDP provided in the building permit application (which is 3,087.49m²).

The total reinstatement cost indicated is for reinstating the existing site / development to its current condition / design and specification as if it were to be totally destroyed by fire.

A suitable contingency allowance should be made when considering these figures.

A suitable inflation uplift provision should be agreed with your insurance broker.

1.4. Basis of Assessment and Exclusions

1.4.1. Day One Basis

We have assumed that the property insurance will be arranged on a "Day One" basis with the sum insured being made up of two components, namely the Declared Value and an Inflation Provision. For clarification these are defined below:

Declared Value

This is the estimated cost of reinstating the property related to building costs as at 4th Quarter 2023 based on the benchmark information for the region. This figure allows for rebuilding to similar form and includes the total cost of demolition and professional fees.

Inflated Provision

This is the percentage uplift to cover the compound effects of inflation anticipated during the insurance year and the maximum period for reinstatement. We have used an estimated compound inflation percentage of 8% to cover this period.

1.4.2. Policy Clauses

Included in the Declared Value is cover for normal clauses within a Policy of this type, which are as follows:-

Professional Fees

The cost of Architect's, Engineers', Quantity Surveyors and other key Consultant's fees that would be incurred in connection with the reinstatement works, plus local project-specific costs.

Demolition Clause

The cost of demolition of structures, hoarding, removal of debris and foundations and levelling of the site is included.

It is normal for Policies to include the pro-rata Clause of Average whereby the Insurance Company limit their liability if the property is not covered to the full extent of reinstatement, with all claim settlements being reduced proportionately. It is therefore essential that the amount of Insurance Cover is regularly reviewed and the property kept fully insured.

1.4.3. Consequential Loss and Exclusions

We have not made any allowance for loss of rent in respect of the building but we have assessed the total reinstatement period for demolition, design and rebuilding; following damage.

We have included in our assessment for the cost of replacing 'base build' or landlord / developer's fixtures and fittings which would have been included in the base building together with fitting out works to the offices and toilets.

1.4.4. VAT

VAT has been included in the calculations as they are for total reinstatement. The figure is separated out and your Finance Manager should check whether cover is required for this sum.

VAT has been calculated and shown at 20%.

1.4.5. Reinstatement Works

We recommend that the reinstatement value is reviewed annually on a “desk top” basis to review changes to building costs. We further recommend that the reinstatement value should be fully appraised as a minimum every three years thereafter.

9. Conclusions and Recommendations

Technical Due Diligence Report

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From a building surveyor's perspective, this property is in satisfactory condition, typical with the age of construction. Full renovation was undertaken in 2016 to the building interiors and to the external envelope of the hotel.

The finishes fittings and services installations are in good condition.

The maintenance programme by the operator is appropriate. Limited capex costs were identified by the Savills team.

The mechanical and electrical services were all replaced in 2016 and remain in good condition. We do not anticipate any major owner life cycle capital expenditure pertaining to the mechanical & electrical installations for the next ten years.

The following, more significant, defects are worthy of note:

- The requirement to undertake façade painting and cleaning before 2026 as per the city of Paris regulation
- Investigate and fix the source of the water ingress in the spa
- Investigate and repair the cause of the mosaic tiles lifting in the swimming pool
- Implementation of BMS for BACS decree compliance

No further investigations are considered necessary for the building.

We recognise that your decision to proceed with this transaction is dependent on professional advice from a number of sources and not just our comments alone. From a Building Surveyor's viewpoint, we have no reason to caution you against proceeding with the transaction proposed, but you should do so having first considered carefully, and reflected on, all the comments in this report.

Appendix 1 Information Required / Additional Enquiries

Technical Due Diligence Report

23/25 Rue du Pont Neuf, 75001 Paris, France



In addition to the documentation provided, the table below summarizes the missing documentation:

Key		
High Risk	Document required, or highly recommended, to complete the proposed purchase.	●
Medium Risk	Documents recommended to obtain for completeness as part of the transaction.	○
Low Risk	Useful documents to obtain as part of the transaction.	●

Item	Information Required / Additional Enquiries	RAG Rating
Construction and Urbanism	Measurements survey (<i>Relevé Géomètre-Expert</i>)	●
	Certificat de conformité	○
Compliance	Periodical inspection reports for: <ul style="list-style-type: none">▪ Dry Risers	○
	Updated Asbestos Report after Works (<i>Dossier Technique Amianté- DTA</i>)	○
Environmental documents	Energy Performance Certificate (<i>Diagnostic de Performance Énergétique - DPE</i>)	●
Legal issues/documents	The As-Built File (<i>Dossier des Ouvrages Exécutés - DOE</i>).	●
	The Building Maintenance Instructions (<i>Dossier des Intervention Ultérieure sur l'Ouvrage - DIUO</i>).	●
Other documents		

Appendix 2 Document Information

Construction Document Information

Final Report by Building Control (RFCT)

The final report by building control (Rapport Final de Contrôle Technique – RFCT) is mandatory and the project developer has to appoint a building controller as stated by the article R 111-38 of the Code de la Construction et de l'Habitation (CCH). The building controller issues a summary of all his advice notes during the appointment period as well as those items that still remain open and not closed out. The report must be provided before handover of works.

The report covers the following operations:

L = the soundness and compliance of the works and the inseparable equipment (for example, foundations, frame, envelope and service connections to the property) [a minimum requirement]

LP = the soundness and compliance of the works and the equipment (for example, foundations, frame, envelope, partitions, plus mechanical and electrical services) [alternative to "L" above]

LE = the soundness of the existing structure [for extensions and refurbishments]

STI = the security for occupiers of a building subject to the workplace regulations following completion (for example, fire precautions, the distribution, and this, automatic doors and mechanical services) [minimum requirement for buildings subject to the workplace regulations]

SEI = the security for occupiers of a public access building (ERP) or high-rise buildings (IGH) following completion (for example, fire precautions, electrical distribution, lifts, automatic doors and mechanical services) [minimum requirement for buildings subject to the public access or high-rise regulations]

SH = the security for occupiers of a residential building following completion (for example, fire precautions, electrical distribution, lifts, automatic doors and mechanical services) [minimum requirement for residential buildings]

PS = the security for occupiers of the building and seismic zone [option for seismic zones]

Hand = the accessibility of the building for disabled users [a minimum requirement]

ENV = the risk of fire or explosion associated with the environmental regulations ICPE [to confirm compliance with the ICPE regulations]

PV = concerns the testing/commissioning by the contractors before handover of the as built drawings [option]

PHa = the acoustic insulation requirements for non-residential buildings [option]

PHh = the acoustic insulation requirements for residential buildings [option]

Th = the thermal insulation requirements [option]

GTB = the building management system (GTB) [option]

F = the performance of the plant and equipment [option]

Av = the stability of the neighbouring works [option]

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HYSa = the health and hygiene in non-residential buildings (including ventilation, water, sanitary provisions, wastewater and rubbish) [option]

HYSh = the health and hygiene in residential buildings (including ventilation, water, cemetery provisions, wastewater and rubbish) [option]

CO = coordinating services that there is more than one technical inspector [option]

Brd = the transport of strictures in the building [option]

Decennial Insurance (DO)

Recent construction works benefit from an initial defects period, Garantie de Parfait d'Achèvement (GPA), for a year following completion of the works. The benefit from this contractual guarantee should be assured in the sales contract for the property. In addition, the technical services installations will be covered for two years under the 'Garantie de Bon Fonctionnement', in accordance with the Construction Code.

In accordance with the French law it is compulsory to provide a Decennial Insurance (Dommage Ouvrage – DO) for all major works. This insurance covers works for the structure and envelope of the building against defects that affect the occupation and use of the building during the 10 years following completion. The owner of the property benefits from this cover and hence transfer is not required. Claims are made by informing the insurer of the defect and then an expert is appointed by the insurance company who makes a report with recommendations. Once this report is received the insurance company confirms if it will cover the claim.

As-Built File (DOE)

The As-Built file (Dossier des Ouvrages Exécutés – DOE) is a contractual document that is provided upon delivery of the site. The DOE is made up of the companies that carried out the works, it includes various types of documents designed to facilitate the understanding and management of the building.

Building Maintenance Instructions (Health and Safety File) (DIUO)

The Building Maintenance Instructions (Dossier d'Intervention Ultérieure sur l'Ouvrage – DIUO) became compulsory by the article L 4531 (L n° 93-1418 of 31 December 1993) and the decree R 4532-96 (D: n° 94-1159 of 26 December 1994). Hence, this document is mandatory for all works that have been undertaken after this decree.

Social Inclusion

The law of 11 February 2005 'Loi 2005-102' established the principle of accessibility for disabled people to all premises and extended the definition of disability to include not only those that are wheelchair bound but those with impaired physical ability, sight and hearing. The construction code 'Code de Construction et de l'habitation' was updated accordingly and is applicable to building permits submitted from 1 January 2007 onwards. However, accessibility law for disabled people has been in existence since the law of 30 June 1975 'Loi 1975-534', which required provisions for disabled people in ERP premises and work places with 20 or more employees.

The decree of 17 May 2006 'Décret 2006-555' set out obligations on existing ERP premises to comply with the provisions in the construction code regarding accessibility for disabled people. Since 1 January 2015 it has been mandatory that all ERP premises class 1 to 4 are fully accessible, in accordance with the accessibility audit previously undertaken on the premises. This audit has been a legal obligation since 1 January 2011. ERP premises class 5 must address accessibility issues as part of any modifications and extensions to the premises. In addition, they should have made at least a part of their premises accessible by 1 January 2015 in order that they can provide all their services to disabled users. The accessible part of the premises must be located near the entrance.

The workplace regulations impose certain obligations regarding accessibility following decrees in 1984 and 1987.

The regulations are as follows:

- Article R232-118: For the accessibility of the workplace for toilet facilities and restaurant facilities
- Article R232-2-6: For accessible toilet facilities
- Article L5212-2: For the obligation to employ 6% of the workforce in an organization with more than 20 staff

Asbestos Regulations

The use of products containing asbestos has been prohibited in France since 1996. Therefore, since 1st January 2006 an asbestos report (Dossier Technique Amiante – DTA) has been required for all buildings with a building permit delivered prior to 1st July 1997.

Technical Due Diligence Report

23/25 Rue du Pont Neuf, 75001 Paris, France



Environmental Protection Regulations (ICPE)

The environmental protection regulations 'Installations Classées pour la Protection de l'Environnement' (ICPE) are regulations that apply to operations, equipment and products that may affect the environment. Warehouse declarations, registrations or authorisations are lodged with the Préfecture for the activities taking place within the building and the exploiters (tenant or sometimes landlord) are granted user permits. A declaration is the lowest level of permission with acknowledgement of receipt by the local authority for the submitted information constituting the permit to operate. Registrations and authorisations require an operating permit, which must be updated if any significant changes occur. Class A and B warehouses must have the suitable ICPE approvals with the 1510 as a minimum for storage of combustible materials.

Appendix 3 Limitations

STANDARD SURVEY LIMITATIONS

We inform you that our inspection and report will be subject to the following limitations (except insofar as they are inconsistent with the terms of any covering letter or other statement of the express components of the particular survey in question):

1. Our inspection will extend to all safely accessible uncovered parts of the property, together with randomly selected parts of ceiling and other voids that can be readily accessed without the need for specialist tools. We will not arrange opening-up works and will therefore be unable to inspect or report on concealed or inaccessible parts.
2. Where the property is occupied, access to some areas may be restricted or denied. If our inspections are limited to unrepresentative parts of the property, we will advise you straightaway.
3. We will not commission specialist testing to ascertain whether any deleterious or hazardous materials are present. We will, however, advise you if we consider that there is a significant risk in this respect.
4. We will not commission specialist inspections of mechanical, electrical, vertical transportation and public health building services and will therefore be unable to report on their condition and adequacy. Our own inspection of the services will only be of a cursory nature in order to include a description in our report. If our cursory inspection shows that the services are in poor order, we will bring this to your attention. However, where we are instructed to appoint consulting services engineers, they will carry out an inspection of the services, together with a review of any operating and maintenance manuals. The engineers will not test the building services or undertake a detailed check of plant capacities.
5. We will not commission investigations into the potential contamination of the site or neighbouring land, or ground bearing conditions. In this respect, you are advised to make your own arrangements, however, should you require guidance, we will be pleased to help you obtain this from relevant professionals.
6. Where engineers, environmental consultants, specialist auditors or other professional consultants are appointed on your behalf, you must rely on them rather than Savills for the accuracy of their work. We will not accept any responsibility for any act or omission on their part, nor any aspect of their content.
7. We will refer to the principles of means of escape, access for disabled people, asbestos and other regulations affecting the occupation of property. Where detailed advice is required, you must commission specialist audits.
8. As we will not make formal enquiries of any third party, you must rely on your solicitor's pre-contract enquiries.
9. Our inspection and report will be for the addressee's use only and no responsibility will be accepted to any third party. Neither the whole nor any part of the report may be published or quoted in any way without our prior written approval.

Appendix 4 Environmental Report



Paris area office:

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Phase I Desktop Environmental Due Diligence

**23/25 RUE DU PONT NEUF
75001 PARIS**

Prepared for SAVILLS FRANCE

**Report No. IDFP230895/R05-V1
December 6th, 2023**

	Prepared by	Reviewed and Approved by
Name	Sandrine JACQUEMIN	Ferid BEN SLIMANE
Position	Project Engineer Consulting Department	Director of Consulting Department
Visa		

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0 Reminder

It is reminded that this service is carried out by Antea France intervening under its brand ICF.

1. Executive summary

This document presents the findings of one assessment (Phase I) of the actual and potential environmental concerns for the site located at:

**23/25 rue du Pont Neuf
75001 Paris**

The assessment was conducted by ICF at the request of SAVILLS FRANCE (hereafter referred as "the Client").

The environmental assessment of the asset was conducted consistent with ICF's procedures specific to this type of assessment.

The whole site is concerned by the assessment.

1.1. Scope of the Assessment

The scope and set-up of the assessment were discussed and agreed on with the client.

The overall objective of the EDD was to determine the (potential) presence of environmental liabilities associated with the current and historic use of the site.

The environmental assessment consisted, in general, of the following steps:

- **No site visit**
- Review of geological, hydrogeological, and hydrological information to establish environmental sensitivity of the site and in its vicinity
- Review of available information from a **virtual data room**
- Review of information publicly available through public Internet sites
- Preparation of a Phase I EDD report (this report), summarizing the findings and recommendations.

We analysed the information obtained and identified areas where some actions might need to be taken to correct compliance issues, to comply with short-term regulatory requirements, or to reduce the potential for future liabilities.

The assessment was focused on the identification of environmental issues in connection with the relevant aspects from an investor's perspective.

It is understood that the site will continue in its current commercial use, and the report is based on this premise. The report should be read in conjunction with the Appendices.

1.2. Limitations

ICF performed no site inspection nor soil, groundwater, surface water, air or other environmental sampling and analysis as part of this assessment.

ICF's environmental compliance assessment evaluated operations, both past and present, with respect to several environmental areas and their associated regulations. These areas and regulations are: air pollution control (including asbestos management), water supply and pollution control, non-hazardous solid waste management, storage tanks, materials, products, storage and handling practices, noise control, PCBs inventory management and past on-site waste disposal practices.

The remainder of this report consists of a brief overview of the operations, site history, site geology and our environmental findings of the asset.

All the information contained in this report, including any engineering conclusions, is based on the information made available to ICF during our desktop assessment, which we assume to have been conducted in good faith.

This report represents an assessment performed in accordance with generally accepted standards regarding environmental assessments.

ICF makes no other representations whatsoever, including those concerning the legal significance of its findings or as to other legal matters touched on this report, including, but not limited to ownership of any property or the application of any law to the facts set forth herein.

Except as otherwise may be requested by the Client, ICF disclaims any obligation to update the report for events taking place after the time during which we conducted our assessment.

This document has been prepared for the exclusive use of the Client and any additional information can only be included at the Client's request. ICF is not responsible for new events that occur after the publication of the report.

2. Environmental issues and associated recommendations

The main environmental or potential liability issues identified in the assessment and the associated recommendations are the following.

Item - Environmental concern	Comments - Issue identified	Action - Recommendations	Risk
Historical background	The building has existed since at least the end of the 19 th century. It has never been used for artisanal or industrial activities. Refurbishment works occurred in 2016, to create the current hotel. From an unknown date to 2016, the site was occupied by offices.	/	Green
Soil contamination	There is no evidence of pollution occurring on site in the past.	/	Green
Fuel chemical and chemical waste handling and storage	No fuel tank present on site (district heating).	/	Green
ICPE classification	The site is not registered for any ICPE headings. Based on the information provided no ICPE are operated at the site.	/	Green
Asbestos containing materials (ACMs)	<p>According to the last available asbestos survey undertaken by Qualiconsult in January 2015, a material likely to contain asbestos (asbestos cement pipe) and materials containing asbestos (sealant and asbestos cement pipe) were found in the building. Those materials have been removed in July 2015. An acceptance report for the asbestos removal work dated 13 October 2015 is provided in the data room.</p> <p>No document regarding dust measurements following asbestos removal work is available in the data room.</p>	<p>The vendor must provide asbestos dust measurement and updated asbestos technical file</p>	Yellow

SAVILLS FRANCE - Phase I Desktop Environmental due diligence – Paris (75) - France

Item - Environmental concern	Comments - Issue identified	Action - Recommendations	Risk
	No updated asbestos technical file is available in the data room.		
Real estate technical file (DDT)	No DPE (energy performance certificate) file available in the data room. No termite survey available in the data room.	An up-to-date DPE and termite survey must be provided in event of sale of the asset.	

3. Site description

<i>Property address and location</i>	23/25 rue du Pont Neuf 75001 Paris
<i>Site activities</i>	The asset is 7-storey hotel (including the ground floor) with 2 basement levels.
<i>Approximate size</i>	Total building area: 3 128.75 m ²
<i>Year of construction</i>	<p>The building on-site was originally constructed in the 19th century.</p> <p>Refurbishment works occurred in 2016:</p> <ul style="list-style-type: none"> - the district cooling substation was installed in 2016 as part of the building overall renovation project, - the district heating substation was installed in 2016 as part of the building overall renovation project, - the guest rooms and common areas terminal treatment (FCU's and AHU's) was installed in 2016 as part of the building overall renovation project, - the plumbing services including the guest rooms water supply and drainage installations were installed in 2016 as part of the building overall renovation project, - the building is fully provided with LED lighting. The electrical power distribution was installed in 2016 as part of the building overall renovation project, - the electrical low voltage systems including access control, CCTV, intrusion, and telecommunication systems were installed in 2016 as part of the building overall renovation project, - a Daikin control system was installed in 2016 as part of the building overall renovation project, providing control and monitoring of the VRV system (guest rooms temperature setpoints & operation, and rooms lighting control), - the life safety systems including fire protection, fire alarm, and smoke extraction were installed in 2016 as part of the building overall renovation project, - the building is equipped with 3 lifts (1 guests lift, 1 personnel lift, and 1 service lift). The lifts' machinery and tracking system were replaced in 2016 as part of the building overall renovation project.
<i>Description of the current site</i>	The building has existed since at least the end of the 19 th century. It has never been used for artisanal or industrial activities. Refurbishment works occurred in 2016, to create the current

	<p>hotel. From an unknown date to 2016, the site was occupied by offices.</p> <p>Storage facilities and technical premises are on the 2nd basement, a swimming pool, changing rooms for staff and customers are on the 1st basement, a reception desk, a restaurant and bedrooms are on the ground floor, bedrooms are on the upper floors.</p>
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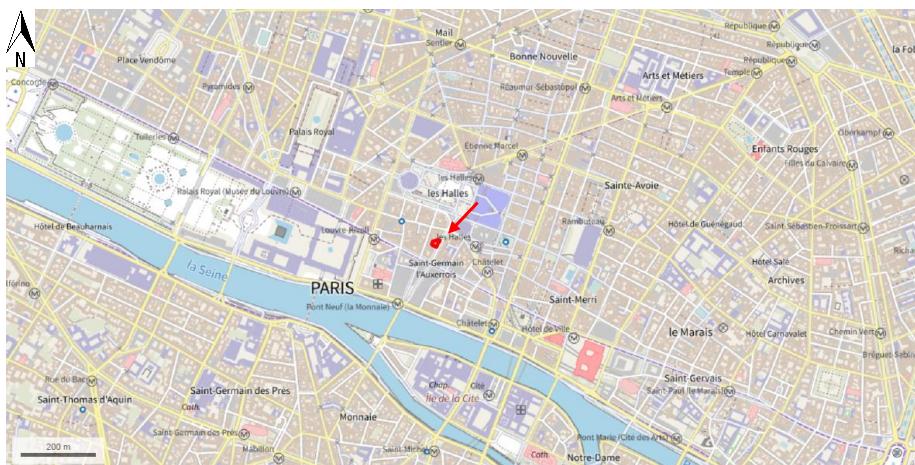


Figure 1: Building on the IGN map

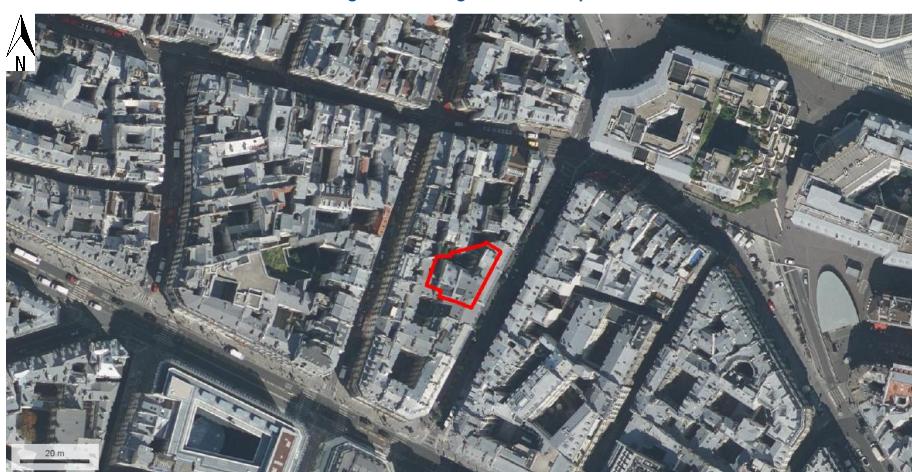


Figure 2: Aerial photography of the building

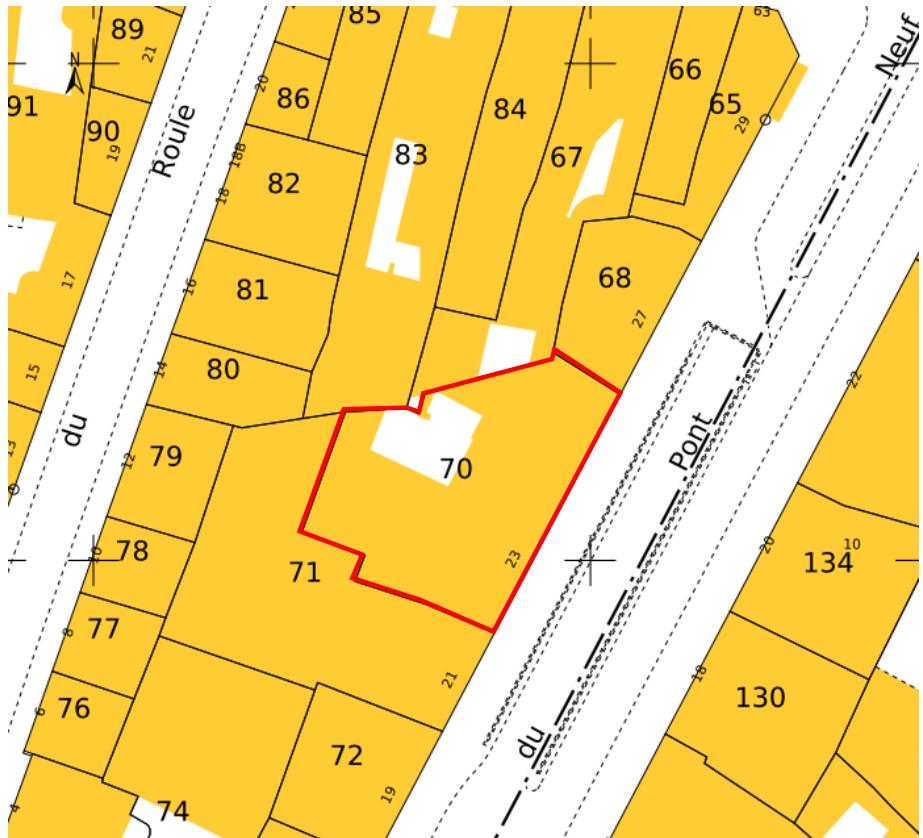


Figure 3 : Building location on the cadastral map

3.1. Site settings

<i>Demographic setting</i>	The asset is located in the heart of Paris 1 st arrondissement, within a few minutes' walk of the most emblematic parisian institutions: Musée du Louvre (300 m to the west), Samaritaine (75 m to the south) and Notre Dame Cathedral (875 m to the southeast).								
<i>Topography</i>	The building is on a flat land located at an altitude of 36 m above sea level (ASL).								
<i>Geology</i>	<p>On the geological map of Paris No. 183 (scale 1:50000), the site is located on fill on ancient alluvium.</p> <p>Borehole referenced BSS000NXQF, located 20 m to the northeast of the site, provides the following lithography:</p> <table border="1"> <caption>Table 1 : Geological log (Source: BRGM subsoil database)</caption> <thead> <tr> <th>Depth</th> <th>Description of the land encountered</th> </tr> </thead> <tbody> <tr> <td>From 0 to 7,5 m</td> <td>Backfill</td> </tr> <tr> <td>From 7,5 to 11 m</td> <td>Alluvium, sand, gravels</td> </tr> <tr> <td>From 11 to 28 m</td> <td>Limestone</td> </tr> </tbody> </table>	Depth	Description of the land encountered	From 0 to 7,5 m	Backfill	From 7,5 to 11 m	Alluvium, sand, gravels	From 11 to 28 m	Limestone
Depth	Description of the land encountered								
From 0 to 7,5 m	Backfill								
From 7,5 to 11 m	Alluvium, sand, gravels								
From 11 to 28 m	Limestone								
<i>Hydrogeology and hydrology</i>	<p>The site is located on the on the "Current to ancient alluvium of the Seine downstream of the Bassée" aquifer. The water table is expected to be around 10 m. The alluvial groundwater flows in the same direction as the Seine (to the northwest).</p> <p>There is no close or remote protection perimeter impacting the site.</p> <p>The Seine flows 275 m to the south of the site, in a north-westerly direction.</p>								
<i>Aquifer vulnerability and sensitivity</i>	Due to its shallow depth (around 10 m), the groundwater table is vulnerable. However, the closest drinking water supply catchments are located outside Paris.								

4. Historical record review

4.1. Information gathered

Information regarding the history of the property was obtained by reviewing the information provided by the vendor (property ownership records, previous environmental report if available) or by former activity sites databases and by conducting an aerial photographs review.

4.2. Property ownership

The site is owned by SAS MAISON ALBAR HOTELS LE PONT NEUF since 2020.

The previous owner was SAS HOTELIERE PONT NEUF from an unknown date to 2020.

4.3. Previous environmental reports

No environmental report is provided in the data room.

4.4. French inventory for contaminated sites

4.4.1. BASOL & SIS

The site is not registered in the BASOL (French inventory for contaminated sites) nor the SIS (French soil information database) databases.

4.4.2. BASIAS

The site isn't registered in the BASIAS database (French inventory for former industrial and activity sites).

4.5. Review of aerial photographs

A review of old parcel plans of Paris (late 19th century) and aerial photographs was conducted (see Appendix 1). The information obtained from the IGN database is the following.

Year	Site	Surroundings
Late 19 th century	The current building has already been constructed.	The asset is located in a predominantly residential environment, with many apartment buildings.
1925	No change	No major changes.
1945	No change.	No major changes.
1956	No change.	No major changes.
1978	No change.	No major changes.
1996	No change.	No major changes.
2021	No change.	No major changes.

4.6. Information regarding former classified installations and activities

Information regarding former classified installations and activities at the address of the site was obtained by reviewing the classified installations and the BASIAS and BASOL databases and the information provided by the client.

The site isn't registered in the BASIAS database (French inventory for former industrial and activity sites).

The asset is not listed in the French Inventory for Contaminated Sites (database BASOL, updated version).

The asset is not registered in the classified installation database (ICPE).

According to the information gathered in the ICPE database the asset seems not be regulated by the "classified installation" regulation.

4.7. Conclusion

The building has existed since at least the end of the 19th century. It has never been used for artisanal or industrial activities. Refurbishment works occurred in 2016, to create the current hotel. From an unknown date to 2016, the site was occupied by offices.

The asset is not listed in the French Inventory for Contaminated Sites (database BASOL, updated version) nor in the French inventory for former industrial and activity sites (database BASIAS, updated version).

The asset is not registered in the classified installation database (ICPE).

According to the information gathered in the ICPE database, the asset seems not be regulated by the "classified installation" regulation.

There is no evidence of pollution occurring on site in the past. ICF does not recommend any further investigation for this site.

5. Off-site risk assessment

5.1. Review of nearby adjacent properties

The asset is located in the heart of Paris 1st arrondissement, the surroundings area being made up of housing and tertiary activities.

5.2. French Inventory for Contaminated Sites

A review of the **French inventory for former industrial and activity sites (database BASIAS, updated version)** was also conducted. Numerous BASIAS registered site are in Paris. The following BASIAS sites are located within 300 m of the site.

Reference	Company name	Activity	State of activity	Distance to site (m)	Orientation to the site	Hydraulic position in relation to the site
IDF7507253	PRESSING DU ROULE	Laundry, dry cleaning	Over	25	Northwest	Down
IDF7502507	CARDEILHAC	Cutlery, jewellery	Over	35	West	Down
IDF7503260	SAMARITAINE	PCB transformer, manufacture, repair and recharging of batteries and accumulators	Active	80	South	Cross
IDF7502842	SIMON ET Cie, ex HAMARD	Lead and zinc rolling workshop	Over	95	North	Cross
IDF7506842	PHOTO SERVICE	Metal treatment and coating	Over	100	Southwest	Down
IDF7503244	BHV RIVOLI	PCB transformer, compression, refrigeration, manufacture, repair and recharging of batteries and accumulators	Active	100	Southeast	Cross
IDF7506775	MAULDE ET RENOU	Printing, binding	Over	100	West	Down
IDF7500612	MAULDE ET RENOU	Printing, binding	Over	100	West	Down
IDF7507322	LAVERIE PRESSING PARIS SAINT-HONORÉ	Laundry, dry cleaning	Active	100	North	Cross
IDF7506559	PARC DE STATIONNEMENT DE LA BELLE JARDINIERE	Sale and repair of automobiles and motorcycles	Over	120	South	Cross
IDF7503898	SPS PARKINGS SUD DU FORUM DES HALLES "LES INNOCENTS"	PCB transformer, manufacture, repair and recharging of batteries and accumulators, sale and repair of automobiles and motorcycles	Active	135	Northeast	Cross
IDF7505474	SEPHF	PCB transformer, manufacture, repair and recharging of batteries and accumulators	Active	145	Northeast	Cross

Reference	Company name	Activity	State of activity	Distance to site (m)	Orientation to the site	Hydraulic position in relation to the site
IDF7502520	HENRY-LEPAUTE	Watchmaking	Over	150	West	Down
IDF7507859	ETS NEGEBUREUF	Refrigeration unit construction workshop	Over	170	East	Up
IDF7507805	BOLL	Printing, binding	Over	185	South	Cross
IDF7504408	LE FLEURON	Laundry, dry cleaning	Active	185	Southeast	Up
IDF7507811	BOUTARD	Printing, binding	Over	185	Southeast	Up
IDF7503862	GARAGE, SOCIETE HALLES GARAGE	Petrol station	Over	200	West	Down
IDF7501039	POITEVIN	Printing, binding	Over	220	South	Cross
IDF7502899	RUHMKORFF	Measuring and optical equipment factory	Over	230	Southeast	Cross
IDF7507821	GUILBIN	Printing, binding	Over	240	Southeast	Cross
IDF7502510	DENIERE	Foundry	Over	240	Northwest	Down
IDF7507824	MONNET	Printing, binding	Over	250	East	Up
IDF7501067	MASSEMIN	Leather tannery	Over	250	East	Up

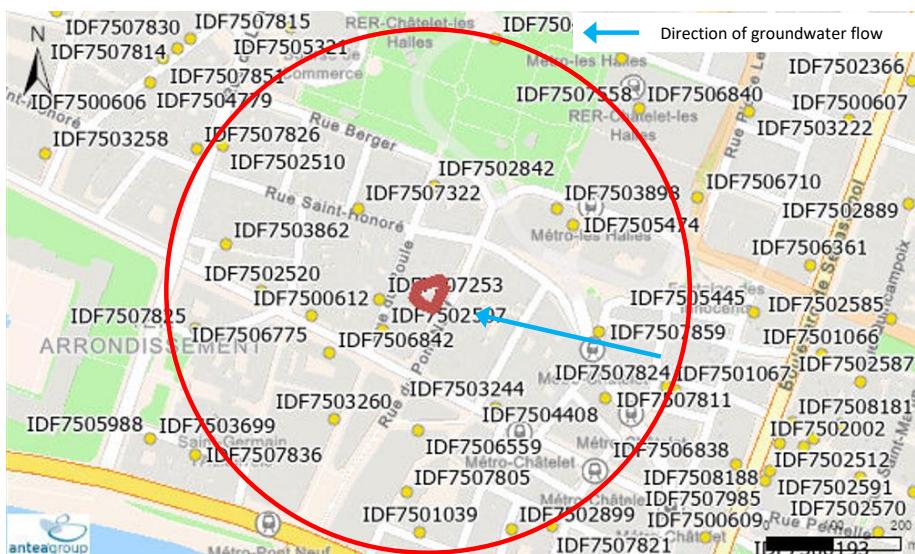


Figure 4: Location of BASIAS within a 250 m radius

A review of the French Inventory for Contaminated Sites (database BASOL, updated version) and of the French Soil Information System (database SIS) was conducted to determine if any such sites are located on or near the subject site.

The closest BASOL sites are located 1,3 km to the northeast and 1,5 km to the southwest of the site.

5.3. Natural, mining, and technological risk areas

The site is not located within the perimeter of the flooding risk prevention plan of Paris.

The asset is not located within a technological or mining risks prevention plan.

The seismic risk level of Paris is low.

5.4. Natural protected areas

The closest natural protected area is located 5 km to the west of the site: ZNIEFF II "Bois de Boulogne".

5.5. Conclusion of the off-site risk assessment

According to the information collected, the neighbourhood represents a low risk of subsoil and groundwater contamination.

6. Real estate technical surveys

6.1. Asbestos

According to articles R. 1334-15 and R. 1334-24 of the Public Health Code (updated decree No. 96-97 of 3rd May 2002), in sales transactions, an asbestos survey must be carried out on all potential Asbestos-Containing Materials (ACMs) and made available to the Buyer for constructions for which the building permit was obtained prior to the 1st of July 1997. Furthermore, and not restrictive to sales transactions, an asbestos technical file must be carried out for asset for which the building permit was obtained prior to 1st July 1997.

According to the last available asbestos survey undertaken by Qualiconsult in January 2015, a material likely to contain asbestos (asbestos cement pipe) and materials containing asbestos (sealant and asbestos cement pipe) were found in the building. Those materials have been removed in July 2015. An acceptance report for the asbestos removal work dated 13 October 2015 is provided in the data room.

No document regarding dust measurements following asbestos removal work is available in the data room.

No updated asbestos technical file is available in the data room.

6.2. Termites

According to articles L. 271-4 and L. 133-6 of the Code de la Construction et de l'Habitation (Construction and accommodation Code), a report on the presence of termites must be carried out in contaminated areas or areas likely to be contaminated (areas determined by prefectoral decree), as part of the sale of a building. This report is valid for 6 months.

Paris is concerned by the termites' regulation. A termite survey must be provided in event of sale of the asset

6.3. Natural, mining and technological risks assessment

According to articles L 125-5 and R 125-23 to R 125-27 of the Environment Code and to Decree dated 14 February 2006, on obligation to inform the tenants and the buyers of the properties on natural, technological, mining and soil contamination risks, on assessment (fiche ERP named formerly ESRIS and ERMNT) must be provided by the vendor. According to the ministerial order of July 13th, 2018, a new form must be used from the August 3rd, 2018. This report is valid for 6 months.

A valid "fiche ERP" is available in the data room (26 October 2023).

6.4. Energy and building carbon emissions

According to the Construction and Accommodation code (art. L.134-2), a building energy performance certificate (EPC, *Diagnostic de performance Energétique*, i.e. DPE) must be provided with every real estate property offer to sell and sale agreement, and with every rental contract. It should be part of the building technical survey, as defined by the order dated June 10th, 2005, (art. L.271-4 to 6 and art. L.134-1 to 5 of the Construction and Accommodation code).

The general validity period remains 10 years. However, special provisions are made to reduce the period of validity of certificates issued before 1 July 2021 for residential use properties, such as those issued:

- Between 1 January 2013 and 31 December 2017 were valid until 31 December 2022,
- Between January 1, 2018, and June 30, 2021, are valid until December 31, 2024.

No DPE file available in the data room.

A DPE file is required in event of sale of the asset.

6.5. Radon

According to the decree dated 22nd of July 2004 on Radon risk management in public assembly building, Paris is in a low-risk area.

6.6. Lead

In case of sale of all or part of a residential building built before January 1, 1949, a report of risk of exposure to lead (CREP), must be attached to the promise of sale or, in the absence of promise, to the deed.

No information regarding the presence of lead-based paint or lead-containing material has been provided. However, it is reminded that even if the subject building has been built prior to January 1, 1949, it is not a residential building and therefore report of risk exposure to lead (CREP) is not obligatory.

7. Classified installations status

A review of the situation of the site regarding the regulations of the Installations Classified for the Protection of the Environment (ICPE), was conducted considering:

- the consultation of documents provided in the data-room,
- the information provided by the prefecture (department of classified installations for the protection of the environment) database, completed by consultation of the BASIAS database and the classified installations database.

According to the information gathered in the ICPE database and the information gathered through the site description, the subject property appears not be concerned by any “classified installation”.

The site is not registered for any ICPE headings. Based on the information provided no ICPE are operated at the site.

8. On-site environmental assessment

It is reiterated that no environmental site visit has been carried out for the subject site, and therefore this section is based on the information available in the data room review and other potential information sources gathered during the desktop study.

8.1. Fuel tanks (UST/AST)

No fuel tank is present on site according to the available information (the district heating substation was installed in 2016 as part of the building overall renovation project).

8.2. Hazardous product storage

No hazardous product storage on site according to the available information.

8.3. PCB

No equipment that may contain PCBs is reported.

8.4. Drinking water, wastewater and stormwater networks

8.4.1. Water supply

The site is supplied with water by the public water supply network. The water is used for domestic purposes (toilets, sinks, kitchens).

The plumbing services including the guest rooms water supply and drainage installations were installed in 2016 as part of the building overall renovation project.

8.4.2. Water discharge

The water discharged from the site consists of sanitary water (toilets, washbasins and kitchens) and rainwaters.

The plumbing services including the guest rooms water supply and drainage installations were installed in 2016 as part of the building overall renovation project.

No information was provided regarding the separate nature of the water networks.

8.5. Ambient Emissions

8.5.1. Air emissions

The site does not operate equipment or installation that generate regulated emissions to air.

8.5.2. Noise emissions

According to the information provided in the data-room, it is unlikely that on-site operations generate noise.

8.5.3. Odour emissions

According to the information provided in the data-room, it is unlikely that on-site operations generate odours.

8.5.1. Legionella risk prevention

Legionella analyses were carried out on the site by Mérieux in July 2023, in the bar, the boiler room and 3 bedrooms). The results indicate the absence of legionella.

8.6. Ozone depleting substances

The French regulation on greenhouse gases aims to define the practical arrangements for implementing Regulation (EU) No. 517/2014 of 16/04/14 on fluorinated greenhouse gases (F-Gas) and Regulation No. 1005/2009 of 16/09/09, as amended, on substances that deplete the ozone layer. In particular, the F-Gas regulation plans to phase out HFC gases with high GWPs (global warming potentials) over three deadlines up to 2030:

- From 1 January 2020: ban on the marketing and use of all fluids with a GWP greater than or equal to 2500 (e.g. commercial refrigeration units or fixed installations running on R 404A, R437a and R 507) and for self-contained mobile air conditioners running on a fluid with a GWP>150 (e.g. mobile air conditioners running on R410a or R407C), maintenance and recharging with new fluid of installations with a GWP>2500 and a charge >40TeqCO2 (e.g. : Any installation running on R404a with a charge > 10. 6kg, R422d with charge > 14.6kg, R437a with charge > 15.6kg),
- Between 2022 and 2025: R 407C, R 410A and HFCs with a GWP of 1500 or more will be phased out,
- From 1 January 2022: ban on the marketing of commercial refrigeration units with a GWP >150 (e.g. any refrigeration unit running on R134a or R407F), multi-station units >40kW with a GWP >150, primary circuit skip with GWP <1500 from a cascade installation (any refrigeration unit over 40kW running on R134a or R407F). CO2 /R134a cascade installations will be authorised,
- From 1 January 2025: ban on the marketing of installations containing less than 3kg of GWP>750 fluid (e.g. any split air conditioner running on R410a or R407),
- From 2030: HFCs with a GWP greater than or equal to 150 will no longer be authorised (e.g. R32 and R134a). A ban on repairing or maintaining any installation with a GWP > 2500 (even with regenerated fluid) (e.g. any installation running on R404a, R422d and R437a),
- F-Gas is currently being revised.

The district cooling substation was installed in 2016 as part of the building overall renovation project. The associated fluid used on the site is R404a.

8.7. Nuisance to the neighbourhood

No complaints from the neighbourhood have been recorded.

APPENDICES

APPENDIX 1: PARCEL PLAN AND AERIAL PHOTOGRAPHS



SAVILLS FRANCE - Phase I Desktop Environmental due diligence – Paris (75) - France



Géoportail – CCF0A-1475_1925_CAF_A-147_0027
1925

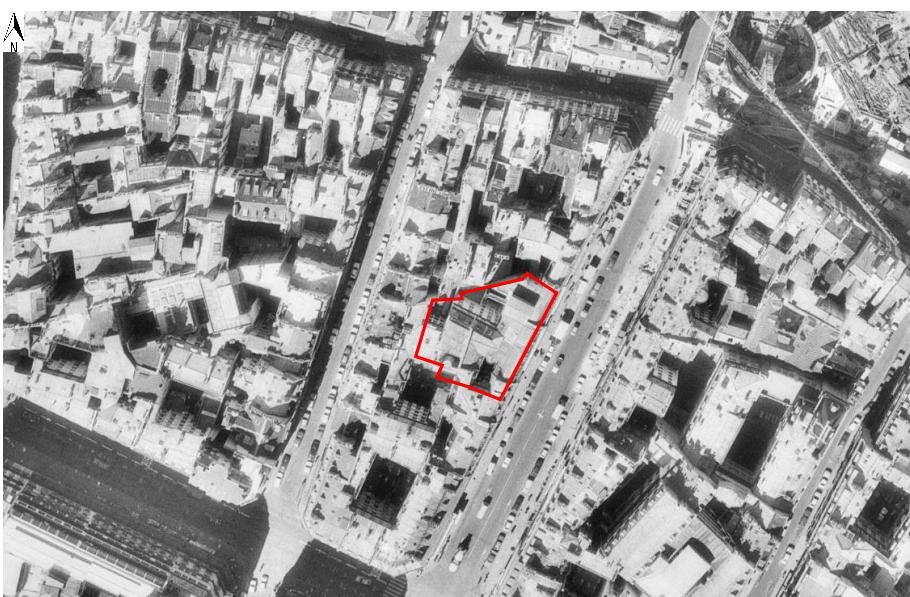


Géoportail – C2314-1881_1945_CDP465_0107
01/08/1945

SAVILLS FRANCE - Phase I Desktop Environmental due diligence – Paris (75) - France



Géoportail – C2214-0591_1956_CDP1108_0786
07/05/1956



Géoportail – C94PHQ1331_1978_FR3036_0003
28/08/1978

SAVILLS FRANCE - Phase I Desktop Environmental due diligence – Paris (75) - France



Géoportal – C96SAA1432_1996_ESS218_0008
05/09/1996



Géoportal - 2021

APPENDIX 2:

DOCUMENTS REVIEWED

Reviewed documents:

- Documents available on the data-room at the date of the report.

Databases:

- French geological survey (BRGM) subsoil database (BSS),
- French Inventory for Contaminated Sites (database BASOL, updated version),
- French inventory for former industrial and activity sites (database BASIAS, updated version),
- National Institute of Geographic and Forest Information (IGN),
- Archives de la ville de Paris,
- Database for drinking water supply catchments (<https://carteaux.atlasante.fr/>).

Appendix 5 Capex Forecast

SAVILLS TECHNICAL DUE DILIGENCE RED FLAG AND CAPEX APPRAISAL



GENERAL INFORMATION

Property address: 23/25 Rue du Pont Neuf, 75001 Paris, FRANCE
 Purpose of TDD: Red Flag TDD Report
 Site visit date: 16 November 2023
 Version - Report issue 01.12.2023

CAPEX ASSESSMENT

Element	Key Consideration	Savills Comment	Total	Short Term Year 1	Medium Term Year 2-5	Long Term Year 6-10	Service charge recoverable / tenant cost	Capex / Owner cost	Risk Rating
A. Building Fabric									
A.1. Structure			€ -	€ -	€ -	€ -	€ -	€ -	-
1	No defect identified.	No capex allowance required for the next ten years.	€ -				€ -	€ -	-
A.2. Roofs		Sub-total	€ -	€ -	€ -	€ -	€ -	€ -	-
1	No defect identified.	No capex allowance required for the next ten years.	€ -				€ -	€ -	-
A.3. Facades		Sub-total	€ 50 000	€ -	€ 50 000	€ -	€ -	€ -	€ 50 000
1	The facades to the building appear to be in good condition with no major defects. In accordance with the regulation, the cleaning of the facades is required every 10 years. As the last renovation was done in 2016, the cleaning of the facade would be required before 2026. No defects seen to courtyard façades.	We include a small capex for the future cleaning and repainting of the main facades in the medium term.	€ 50 000		€ 50 000		€ -	€ 50 000	
A.4. External Areas		Sub-total	€ -	€ -	€ -	€ -	€ -	€ -	-
1	No defect identified.	No capex allowance required for the next ten years.	€ -				€ -	€ -	-
A.5. Internal Areas		Sub-total	€ 28 000	€ -	€ 20 000	€ -	€ -	€ -	€ 28 000
1	The mosaic tiles in the pool are lifting (recurrent issue). There might be an issue with the compatibility with the waterproofing membrane.	We allowed for the appointment of a pool wpecialist to identify the issue with the lifting tiles and undertake the necessary repairs.	€ 10 000		€ 10 000		€ -	€ 10 000	
2	Water ingress is visible on the skylight above the pool. The waterproofing needs to be checked.	We allowed for the appointment of a waterproofing specialist to identify the location of the water ingress and undertake the necessary repairs to the waterproofing.	€ 10 000		€ 10 000		€ -	€ 10 000	
3	The epoxy coating applied on the floor of the back of house areas is lifting.	We include an allowance to reapply the epoxy coating to the affected areas.	€ 8 000				€ -	€ 8 000	
B. Services Installations									
B.1. Heating, Ventilation and Cooling (HVAC)		Sub-total	€ -	€ -	€ -	€ -	€ -	€ -	-
1	No defect identified.	No capex allowance required for the next ten years.	€ -				€ -	€ -	-
B.2. Electrical Installations		Sub-total	€ 158 000	€ -	€ -	€ 158 000	€ -	€ -	€ 158 000
1	We recommended that a BMS is installed to comply with the Building Automation & Control Systems (BACS) decree.	Capex is provided in the long term for the installation of a BMS workstation, cabling and controls as the asset will be subject to this decree by January 1, 2027, given the nominal capacity of its HVAC systems.	€ 158 000			€ 158 000	€ -	€ 158 000	
B.3. Domestic Water Services		Sub-total	€ -	€ -	€ -	€ -	€ -	€ -	-
1	No defect identified.	No capex allowance required for the next ten years.	€ -				€ -	€ -	-

SAVILLS TECHNICAL DUE DILIGENCE RED FLAG AND CAPEX APPRAISAL



B.4. Fire Protection Systems		Sub-total	€	-	€	-	€	-	€	-	€	-	€	-	€	-
1	No defect identified.	No capex allowance required for the next ten years.	€	-					€	-	€	-	€	-	€	-
B.5. Public Health Systems		Sub-total	€	-	€	-	€	-	€	-	€	-	€	-	€	-
1	No defect identified.	No capex allowance required for the next ten years.	€	-					€	-	€	-	€	-	€	-
B.6. Lifts		Sub-total	€	-	€	-	€	-	€	-	€	-	€	-	€	-
1	No defect identified.	No capex allowance required for the next ten years.	€	-			€	-			€	-	€	-	€	-
C. Environmental and ICPE Considerations																
C.1. Environmental Considerations		Sub-total	€	-	€	-	€	-	€	-	€	-	€	-	€	-
1	No defect identified.	No capex allowance required for the next ten years.	€	-					€	-	€	-	€	-	€	-
Contingency and Fees																
		Sub-total (all works)	€	236 000	€	-	€	70 000	€	158 000	€	-	€	236 000		
		Contingency sum at 10%	€	23 600	€	-	€	7 000	€	15 800	€	-	€	23 600		
		Fees at 15%	€	38 940	€	-	€	11 550	€	26 070	€	-	€	38 940		
		Contingency and Fees Sub Total	€	62 540	€	-	€	18 550	€	41 870	€	-	€	62 540		
		TOTAL	€	298 540	€	-	€	88 550	€	199 870	€	-	€	298 540		



Significant issue where an urgent remedy is required prior to the proposed property transaction or a serious defect requiring attention.
Key issue to be clarified and/or fully considered in relation to the proposed property transaction or repairs having a significant cost implication.
A minor issue which is not considered to constitute a material issue in the short term.

The Capex budget does not include minor repairs and a threshold of €5,000 is used for this report. Cost items below this threshold have not been included in the Capex.
Our Capex does not include routine maintenance, cyclical decoration or cleaning, except where these works are required to address defects or compliance issues.

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