

Valuation of:
Hôtel Lutetia, Paris

Prepared for

L. Hotel Holding France

Valuation Date:

31 December 2019



TABLE OF CONTENTS

Executive Summary	1
Valuation Record.....	4
Property Record.....	9
1. Location.....	9
2. Description & Accommodation.....	12
3. Structural Condition and Repair.....	16
4. Capital Expenditure.....	16
5. Site	16
6. Environmental Considerations and Environmental Performance	16
7. Tenure and Occupational Interests.....	17
8. Operational Structure.....	17
9. Business Analysis	21
10. C&W Trading Projections.....	26
Appendix A: Terms of Engagement	37
Appendix B: Photographs	38
Appendix C: France Hospitality Market Report	39
Sources of Information	40

EXECUTIVE SUMMARY



HÔTEL LUTETIA
45 BOULEVARD RASPAIL
75006 PARIS, FRANCE

This summary is strictly confidential to you as the Addressee. It must not be copied, distributed or considered in isolation from the full report.

Property Summary

Location	The Hôtel Lutetia, is situated in the Saint-Germain-des-Prés area of the 6th arrondissement of Paris.
Description	Hôtel Lutetia comprises an iconic corner sited building whose construction was completed in December 1910 and is Art Deco in style. The property is arranged over two basement levels, ground, mezzanine and seven upper floors.
Facilities	<ul style="list-style-type: none"> • 184 bedrooms • Central lounge and bar in addition to three restaurants. • Meeting/event space, fitness facilities and spa.
Condition	Excellent.
Tenure	Freehold
Operating Structure	Owner Operated. Operated by wholly owned management company Set Hotels.

Historical and Budgeted Trading Projections

Year	2019 Actual	2020 Budget	2021 Projections
Occupancy	40.0%	55.0%	63.0%
ADR	719.00 €	860.00 €	890.00 €
RevPAR	287.60 €	473.00 €	560.70 €
Total Revenue	37,346,736 €	56,034,099 €	63,306,612 €
EBITDA	-4,167,538 €	11,006,426 €	18,115,163 €
Profit Margin	(11.2%)	19.6%	24.5%

C&W Trading Projections

Year	Year 1	Year 2	Year 3
Occupancy	55.0%	63.0%	65.0%
ADR	850.00 €	885.00 €	935.00 €
RevPAR	467.50 €	557.55 €	607.75 €
Total Revenue	55,172,300 €	63,095,058 €	67,666,490 €
EBITDA	8,971,228 €	13,361,401 €	15,931,580 €
Profit Margin	16.3%	21.2%	23.5%

*Please note our EBITDA figures take into account a FF&E reserve, whereas the provided management accounts do not.

Fair Value and Yields

Valuation Date	31 December 2019
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Fair Value	€433,000,000		
Capitalisation Rate	3.50%	Discount Rate	6.00%
Additional Risk Premium	0.50%	Net Initial Yield	2.04%
Capital expenditure deducted from gross valuation	Nil	We are not aware of any material capital expenditures at the Property.	
Liquidity	Good		

Key Investment / Market Considerations for Loan Security

Strengths / Opportunities

- Hotel is well located for nearby demand generators including retail and museums;
- While the left bank is not recognised as a luxury hotel location, it is certainly regarded as a luxury location with the 6th arrondissement being the among the most expensive areas for residential flats (average transaction prices) as published by the notaries of Paris. Also rue de Sèvres next to the hotel as well as Bon Marché are considered top high street retail.
- Freehold equivalent;
- Leading hotel within Paris's St. Germain district;
- Iconic building with rich historical past;
- Favourable exposure and situation in addition to good transport links;
- Excellent condition following recent refurbishment;
- Limited brand standards, therefore able to undertake imaginative marketing and selling opportunities;

Weaknesses / Risks

- The suite to room ratio is lower compared to other Palace hotels in Paris;
- Despite the Paris hotel market rebounding from terrorism related incidents, the yellow vests movement (mouvement des gilets jaunes) and other notable transport strikes in Paris have deterred tourism to a certain degree;
- The emergence of the coronavirus (COVID-19) has undoubtedly impacted traveller volumes, but the extent of its effect beyond Q1 2020 on the geopolitical and economic climate remains to be seen. Furthermore, as at the valuation date of 31 December 2019 there was no suggestion that COVID 19 would escalate, and therefore our valuation does not reflect either the actual or projected impact of this virus on the overall trading performance of the hotel;
- Lack of reward programme may deter corporate orientated guests;
- Luxury segment is not yet well recognised on the Left Bank;
- Continued new supply of internationally branded hotels;
- Ability of hotel to lure lucrative guest segments from the Right Bank now that it is trading (La Rive Droite) is unproven at the present time;

VALUATION RECORD

To: The Directors
L.Hotel Holding B.V.
Strawinskylaan 613
1077 XX Amsterdam
The Netherlands

Attention: Mr Aharon Rabinovitz

Property: Hôtel Lutetia Paris, 45 Boulevard Raspail 75006 Paris, France

Report date: 5/03/2020

Valuation date: 31/12/2019 ("Valuation Date")

Instructions

Appointment

We are pleased to submit our report and valuation (the "Valuation Report"), which has been prepared in accordance with the engagement letter entered into between us dated 10 February 2020 (the "Engagement Letter"). This Engagement Letter and the terms set out therein, together with our Terms of Business, which were sent to you with our Engagement Letter, constitute the "Engagement".

Included in the Engagement Letter is the Valuation Services Schedule, a shortened version of which is included as Appendix 1 ("VSS"). It is essential to understand that the contents of this Valuation Report are subject to the various matters we have assumed, which are referred to and confirmed as Assumptions in the Valuation Services Schedule. Unless otherwise defined, all capitalised terms herein shall be as defined in the Engagement.

We have valued the property interest in the above Property.

Compliance with RICS Valuation – Global Standards

We confirm that the valuation and Valuation Report have been prepared in accordance with the RICS Valuation – Global Standards which incorporate the international Valuation Standards ("IVS") and the RICS UK Valuation Standards (the "RICS Red Book") edition current at the Valuation Date. It follows that the valuation is compliant with "IVS".

Status of Valuer and Conflicts of Interest

We confirm that all valuers who have contributed to the valuation have complied with the requirements of PS 1 of the RICS Red Book. We confirm that we have sufficient current knowledge of the relevant markets, and the skills and understanding to undertake the valuation competently. We confirm that Ian Thompson has overall responsibility for the valuation and is in a position to provide an objective and unbiased valuation and is competent to undertake the valuation. Finally, we confirm that we have undertaken the valuation acting as an External Valuer as defined in the RICS Red Book.

We confirm that Cushman and Wakefield have previous recent involvement with the property in that Cushman and Wakefield act as valuer for your lending bank and in previous years for your

financial statement. We confirm that this factor has been discussed with the Client who has agreed for Cushman and Wakefield to act.

Purpose of Valuation

The purpose of this Valuation Report is for your financial statements (the "Purpose of Valuation"). Our valuations have been undertaken under International Financial Reporting Standards (IFRS), on the basis of value is Fair Value.

Basis of Valuation

Our opinion of the Fair Value of the Property has been primarily derived using an estimate of the future potential net income generated by use of the property with reference to comparable recent market transactions on arm's length terms.

Fair Value - IFRS

The value of the Property has been assessed in accordance with the relevant parts of the current RICS Red Book. In particular, we have assessed the Fair Value as referred to in VPS4 item 7 of the RICS Red Book. Under these provisions, the term "Fair Value" means the definition adopted by the International Accounting Standards Board ("IASB") in IFRS 13, namely "The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date".

Under IFRS 13, The Fair Value Hierarchy, the Property we have valued is designated as Level 3 inputs. Level 3 inputs have been designated as unobservable inputs. Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. An entity develops unobservable inputs using the best information available in the circumstances, which might include the entity's own data, taking into account all information about market participant assumptions that is reasonably available. [IFRS 13:87-89].

Valuation of Trade Related Properties

Certain property types are normally brought and sold based on their trading potential as they have usually been designed or adapted and fitted out for a specific use and the resulting lack of flexibility usually means that the value of the property interest is intrinsically linked to the returns that the owner can generate from that use.

As a result, our opinion of value of the Property has been assessed having regard to its trading potential based on an income approach to value unless there is a clear alternative use. Unless otherwise stated our opinion of value assumes the Property is a fully equipped operational entity and includes:

- The legal interest in the land and buildings.
- The trade inventory, usually comprising all trade fixtures, fittings, furnishings and equipment.
- The market's perception of the trading potential, together with the ability to obtain and renew existing licences, consents, certificates and permits.

For the avoidance of doubt our opinions of values do not include consumables and stock.

Special Assumptions

We have made no Special Assumptions.

Departures

We have made no Departures from the RICS Red Book.

Reservations

The valuation is not subject to any reservation.

Inspection

Details of our inspection of the Property are included in the Property Record Section.

Measurement

As a trading entity, hotels are typically valued by reference to their earnings potential adopting an income approach of valuation. As a result, we have not undertaken a measured survey of the Property as is standard practice when assessing the value of such property types.

Sources of Information

In addition to information established by us, we have relied on the information obtained from you, the Borrower and others listed in this Valuation Report.

We have made the assumption that the information provided by you, the Borrower and your respective professional advisers in respect of the Property we have valued is both full and correct. We have made the further assumption that details of all matters relevant to value within your and their collective knowledge, such as prospective lettings, rent reviews, outstanding requirements under legislation and planning decisions, have been made available to us, and that such information is up to date.

General Comment

All valuations are professional opinions on a stated basis, coupled with any appropriate assumptions or Special Assumptions. A valuation is not a fact, it is an estimate. The degree of subjectivity involved will inevitably vary from case to case, as will the degree of certainty, or probability, that the valuer's opinion of value would exactly coincide with the price achieved were there an actual sale at the Valuation Date.

Property values can change substantially, even over short periods of time, and so our opinion of value could differ significantly if the date of valuation were to change. If you wish to rely on our valuation as being valid on any other date you should consult us first.

Should you or the Borrower contemplate a sale, we strongly recommend that the Property is given proper exposure to the market.

A copy of this Valuation Report should be provided to your solicitors and they should be asked to inform us if they are aware of any aspect which is different, or in addition, to that we have set out; in which case, we will be pleased to reconsider our opinion of value in the light of their advice and opinions.

Currency

The Property has been valued in local currency, Euros.

Valuation

Our opinion of the Fair Value of the freehold equivalent interest in the Property as at the Valuation Date as a fully equipped operational entity having regard to trading potential with vacant possession is:

€433,000,000 (Four Hundred and Thirty Three Million Euros)

Confidentiality

This Valuation Report is confidential to you, for your sole use only and for the Purpose of Valuation as stated. Other than as detailed below, we will not accept responsibility to any third party in respect of any part of its contents.

Disclosure

You must not disclose the contents of this Valuation Report to a third party in any way, including where we are not referred to by name or if the Valuation Report is to be combined with other reports, documents or information, without first obtaining our written approval to the form and context of the proposed disclosure in accordance with the terms of the Engagement. We will not approve any disclosure that does not refer adequately to the terms of the Engagement and any Special Assumptions or Departures that we have made.

This Valuation Report or any part of it may not be modified, altered (including altering the context in which the Valuation Report is displayed) or reproduced without our prior written consent. Any person who breaches this provision shall indemnify us against all claims, costs, losses and expenses that we may suffer as a result of such breach.

We hereby exclude all liability arising from use of and/or reliance on this Valuation Report by any person or persons except as otherwise set out in the terms of the Engagement.

Reliance

This Valuation Report may be relied upon only in connection with the Purpose of Valuation stated and only by:

- i. you;
- ii. any such other parties who have signed a Reliance Letter.

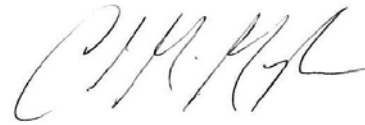
For the avoidance of doubt, the total aggregate limit of liability specified in the terms of the Engagement (the "Aggregate Cap") shall apply in aggregate to (i) you and (ii) any such other parties who have signed a Reliance Letter. Apportionment of the Aggregate Cap shall be a matter for you and such other third parties alone.

Signed for and on behalf of Cushman & Wakefield Debenham Tie Leung Limited.



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PROPERTY RECORD

Hôtel Lutetia, 45 Boulevard Raspail, Paris, France

Inspection

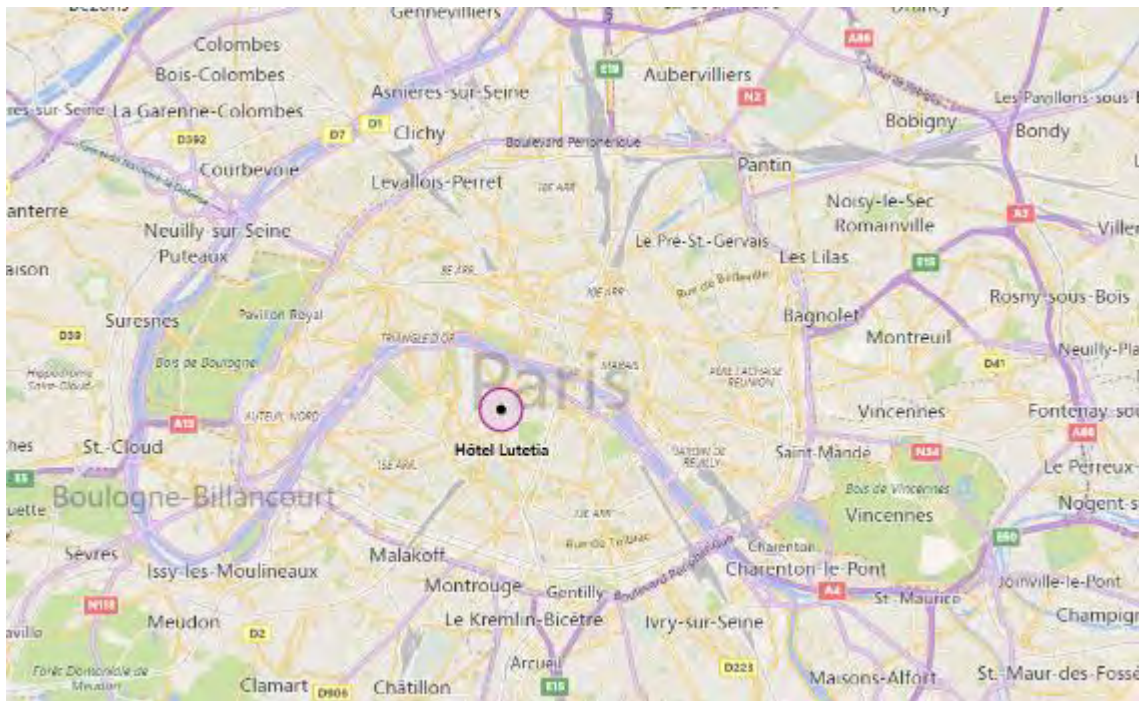
The Property was subject to an external inspection, from ground level and an internal inspection, on 28 January 2020 by Chris Mieczkowski. The internal inspection was limited to a sample of guest bedrooms and the public areas due to their occupation by guests.

1. Location

1.1. Location

General

The hotel is located in Paris, the capital of France. The hotel is located in central Paris, to the south of the Seine in the 6th arrondissement.



Paris is the capital and most populous city of France. Situated on the Seine River, in the north of the country, it is at the heart of the Île-de-France region, also known as the région parisienne (Paris Region in English). The city of Paris has a population of approximately 2.148 million inhabitants (2019), while its metropolitan area is one of the largest population centres in Europe, with an estimated population of 12.2 million according to the latest census.

Home to Chanel and Louis Vuitton, Paris is known for its fashion designers, high-end boutiques and is noted for its haute couture tailoring, usually made from high-quality, expensive fabric and sewn with extreme attention to detail and finished by the most experienced and capable seamstresses. The twice-yearly Paris Fashion Week is one of the most important events on the fashion calendar and attracts fashion aficionados from all around the world.

The French capital has a rich architectural heritage. Besides landmarks such as the Cathedral of Notre-Dame-de-Paris (12th century); Sainte-Chapelle (13th century); the Eiffel Tower (1889); and

the Basilica of Sacre-Coeur on Montmartre (1919), the Paris region also hosts three other UNESCO Heritage sites: the Palace of Versailles in the west, the Château de Fontainebleau in the south and the medieval fairs site of Provins in the east.

The museums Louvre (home to the Mona Lisa and the Venus de Milo statue), Musée d'Orsay, and the Centre Georges Pompidou are among the three most visited in the world. The largest opera houses of Paris are the 19th-century Opéra Garnier (historical Paris Opéra) and modern Opéra Bastille; the former tends towards the more classic ballets and operas, and the latter provides a mixed repertoire of classic and modern. Paris is one of the world's leading tourist destinations, with Greater Paris welcoming approximately 23.6 million hotel arrivals in 2017, an increase of over 10% from 2016 figures.

In terms of sports, the city hosts the annual French Open Grand Slam tennis tournament on the red clay of Roland Garros and is the final stage for the Tour de France. Paris hosted the final of UEFA Euro 2016; the 15th European Championship for men's national football teams organised by UEFA. In conclusion, Paris is one of the world's leading business and cultural centres and has a global influence in politics, education, entertainment, media, science, and the arts.

The immediate neighbourhood attracts large volumes of visitors drawn to the area's reputation as Paris's key fashion, art, literature and philosophy district as well as housing numerous iconic buildings including The Abbey of Saint-Germain-des-Près.

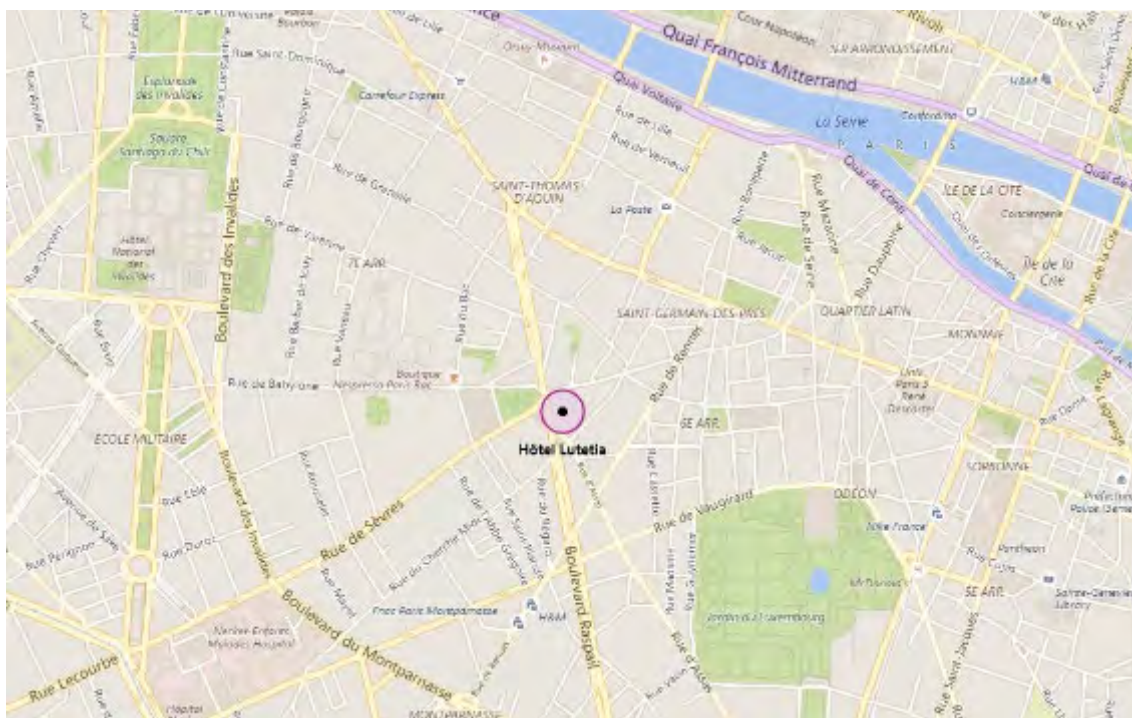
Public transport links are good, being served by the metro (Sèvres-Babylone) and numerous bus stops within the Hotel's immediate vicinity providing access across central Paris. Gare du Nord Station is situated 5.3 km's to the north and Roissy Charles de Gaulle Airport is approximately 33 km's to the north-east of the hotel.

Situation

The Property is located within the 6th arrondissement, situated to the left bank of the Seine and includes world famous educational institutions such as Ecole des Beaux-Arts de Paris and the Académie Française, the seat of the French Senate as well as a cluster of some of Paris's famous monuments such as Saint-Germain Abbey, St. Sulpice Church, Pont des Arts and the Jardins du Luxembourg.

Hotel Lutetia is the only aspiring Palace hotel to be situated on the Left Bank, more specifically in the 6th arrondissement. Although the Left Bank is not recognised for its abundance of luxury hotels, the 6th arrondissement is among the most expensive locations in regard to average transaction prices for apartments.

This positioning should bode well for the food and beverage outlets at the hotel as they historically and presently attract significant volumes of external patrons. The hotel's location near top retail locations such as Rue de Sèvres and Le Bon Marché also makes it an ideal place to appeal to affluent consumers seeking luxury accommodation or facilities.



The immediate neighbourhood attracts large volumes of visitors drawn to the areas reputation as Paris's key fashion, art, literature and philosophy district as well as housing numerous iconic buildings including The Abbey of Saint-Germain-des-Pres.

1.2. Local Economy

Paris is both the political and economic capital of France and accounts for approximately 30% of the wealth generated in France. Its weighting in the overall French economy has increased in recent years. The Greater Paris Region is also the no. 1 economy in Europe and accounts for around 5% of European GDP.

The region's economy displays the specific characteristics of a large global city. The economy is largely based on the tertiary sector which accounted for 87% of added value generated in the Greater Paris Region. The weight of the tertiary sector is 10 points above the average for other regions (76%) and this is largely due to the presence of major company headquarters and the scale of both the financial and business services sectors. However, there is much less industrial activity in the Greater Paris Region than in the rest of the country.

Due to its size, its economy and its diverse infrastructure, Paris and the surrounding region form the natural destination for major companies – be they French or international.

According to Forbes' "Fortune Global 500" classification, 29 of the 31 largest French companies have their headquarters in the Greater Paris Region and generate an annual revenue of over \$2 billion. More widely, a third of these top 500 global companies also have a head office in the region. Globally, Paris is ranked third in terms of the number of major companies and is number 1 in Europe, placing it ahead of its main competitors such as London or New York.

France relies heavily on tourism, which generates more than 7% of its annual GDP. About half-a-million people in the Ile-de-France region, which includes Paris, have jobs linked to tourism, making it the biggest employer in the area.

2. Description & Accommodation



Summary

Hôtel Lutetia was commissioned by the directors of Le Bon Marche department store and plans were subsequently drawn up by the architects Louise Hippolyte Boileau and Henri Alexis Tausin. Construction commenced during 1909 and the hotel was completed in December 1910.

The hotel closed at the end of 2014 and reopened in July 2018 following a €190million investment. The completed hotel has benefitted from very positive reviews with the refurbishment having modernised the hotel yet seen a retention of its character and history.

Hôtel Lutetia comprises a corner building constructed of cast iron and steel frame, with brick infill, solid floors, and a facade in dressed stonework characterised by intricate cement render mouldings and decorative ironwork balconies. The property is arranged over two basement levels, ground, mezzanine, and seven upper floors under slate hung mansard roofs with flat skyline sections above; of galvanised sheet metal and loose shingle, with concrete flag walkways. The windows are mostly modern metal coated casement double-glazed design to the upper parts.

The rear elevations are clad in white enamel tiling, with one vertical section backing onto the internal courtyard being of mosaic & border decorated pattern.

Property summary

Construction Detail

Number of Storeys: Three basements, ground and seven uppers.

Method of Construction: Steel frame with brick infill.

Mechanical Detail

Heating and Cooling: Gas-fired heating and an air-conditioning system is available throughout the hotel.

Elevator Service: There are five elevators located throughout the premises.

Fire Protection: There is a full fire protection system including sprinklers.

Site

Parking Capacity: There are some short-term parking spaces in the immediate vicinity of the main entrance to the hotel on Boulevard Raspail.

Property summary

Summary

Condition: Excellent.

2.1. Accommodation

Guestrooms

The following pictures and table summarise the Property's guestroom facilities, based on information provided by the ownership.



Category	Unit Count
Deluxe Room	19
Deluxe Room – Accessible	5
Deluxe Room with Balcony	38
Superior Room	25
Grand Superior Room	54
Junior Suite with Balcony	25
Lutetia One Bedroom Suite	11
Signature Suites	7
Total	184

The recent refurbishment has reduced the number of keys but increased the size of many bedrooms to form additional suites and maximise earnings potential. Bedrooms now range in size from 23 square metres to 54 square metres for the one bedroom suite.

There are a number of signature suites on the top floors including The Eiffel Penthouse and Saint Germain Penthouse which comprise 94 and 82 square metres, respectively. These suites coupled

with the Suite Presidentielle (144 square metres) will undoubtedly place upward pressure on the average rate achieved by the hotel given their projected price ranges in the several thousands. Other suites are located on the sixth or seventh floor and generally range from approximately 50 square metres to 70 square metres.

Bedrooms have been refurbished to a high standard, featuring Murano glass walls and Carrara marble bathrooms, with touch screen room controls, in-room entertainment and mini bar. All rooms are air conditioned.

Food & Beverage

We summarise below the principle food and beverage outlets available at the hotel.



Room	Capacity
Brasserie Lutetia	200
L'Orangerie	82
Le Saint Germain	69
Bar Josephine	83
Bar Aristide	36

The hotel features five food and beverage outlets, and an inner courtyard. Brasserie Lutetia has reopened under Michelin starred chef Gerald Passedat and already received favourable press coverage from the likes of Forbes, GQ and Luxury Travel Advisor amongst others.

Bar Josephine is open daily from midday, offering international cuisine and classic and contemporary cocktails. Bar Aristide is a more intimate venue, offering smoking rooms with a cigar sommelier on hand. We understand the hours of Bar Aristide to be from 18:00 to 2:00, Wednesday through Saturday.

L'Orangerie is an area designated for breakfast only at the present time. Le St Germain has historically been an iconic destination, featuring a glass roof overlooking the art deco patio. A continental menu and afternoon tea is served, which can be enjoyed in the restaurant itself or in the connected patio area.

Meeting Rooms

Please find below a summary schedule setting out the capacity of the meeting and banqueting facilities.

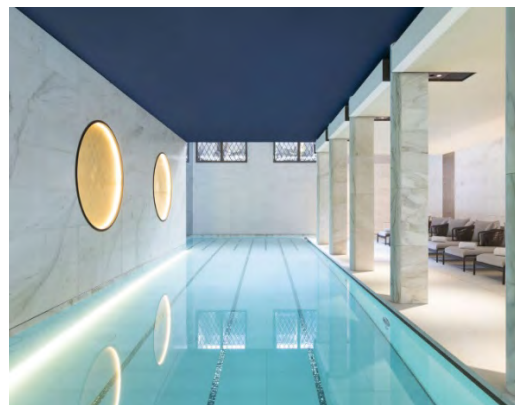
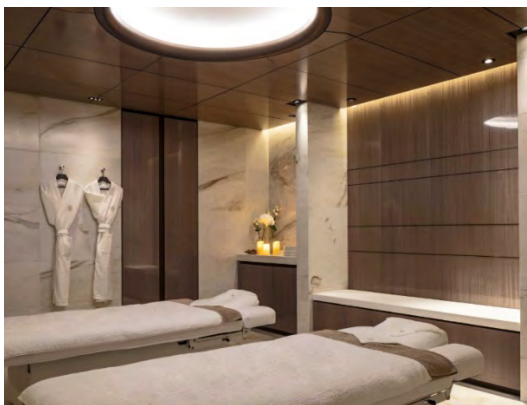


Room	Capacity	Area (Sq. m)
Cristal Ballroom	190 people for banqueting	310
L'Orangerie	88 people for banqueting	152
Sevres	20 people for a boardroom	44
Boucicaut	12 people for banqueting	32
Beaux-Arts	30 people for banqueting	48
Sorbonne	40 people for banqueting	51

The meeting space at the hotel comprises a formal ballroom and five additional function spaces, each uniquely decorated in a style in keeping with the rest of the hotel. Each room offers high speed internet access, audio visual equipment and full air conditioning.

Leisure Club

The Akasha Holistic Wellbeing Centre, comprising 700 square metres, comprises a spa with six treatment rooms, a sauna, steam room, 17 metre pool and jacuzzi as well as a state of the art 100 square metre fitness suite.



Back of House Accommodation

Back of house facilities include offices, kitchens, stores, plant room and staff accommodation which are primarily situated along the ground and lower ground levels.

3. Structural Condition and Repair

We have not carried out a building or condition survey nor have we been provided with either.

The property presented in excellent condition at the time of our inspection. We assume the premises to remain in this condition through the implementation of a robust maintenance programme to keep it consistent with the standards of the prestigious Palace distinction.

4. Capital Expenditure

The total re-development costs provided to us equated to approximately €190million (€1.03million per bedroom). It is difficult to benchmark the development costs on a per bedroom basis as there is a lot of public space at the hotel as a proportion to the number of bedrooms. The re-development cost nevertheless is a substantial amount and represents a bold investment by the owner.

We understand there are no outstanding costs as at the effective valuation date. We assume this to be accurate and correct and reserve the right to amend our valuation should different information be provided at a later date.

5. Site

Area

A site or title plan was not provided for our review, therefore we are unable to provide an estimate of land area.

Topography

There is no discernible grade present at the site to the best of our knowledge.

Ground Conditions

We have not been provided with any information that indicates there are adverse ground conditions affecting the Property.

Archaeology

We have made an assumption that the site has no archaeological significance.

Access

The hotel is accessed from Boulevard Raspail.

6. Environmental Considerations and Environmental Performance

6.1. Environmental considerations

Our valuation has been prepared on the basis that the Property does not suffer from contamination. We recommend that you commission a full environmental survey of the Property to confirm this assumption.

7. Tenure and Occupational Interests

We understand that the Hotel is held the equivalent of freehold.

We have not examined nor had access to all the deeds or other documents relating to title/tenure under which the Property is held. We should emphasise, however, that the interpretation of the documents of title (including relevant deeds and planning consents) is the responsibility of your legal adviser and we therefore recommend that they should be asked to verify the current position.

8. Operational Structure

The hotel will be owner operated by the current owner as an independent hotel. The day to day operation of the company will be undertaken by the owners wholly owned management arm, Set Hotel Group.

8.1. The Brand

The hotel is owned by Alrov Properties & Lodging and operated by The Set Hotel Group. The Set includes The Conservatorium, Amsterdam and Café Royal, London. Alrov Luxury Hotels provides hotels of the highest quality, placing an emphasis on providing a personal service and being housed within iconic buildings.

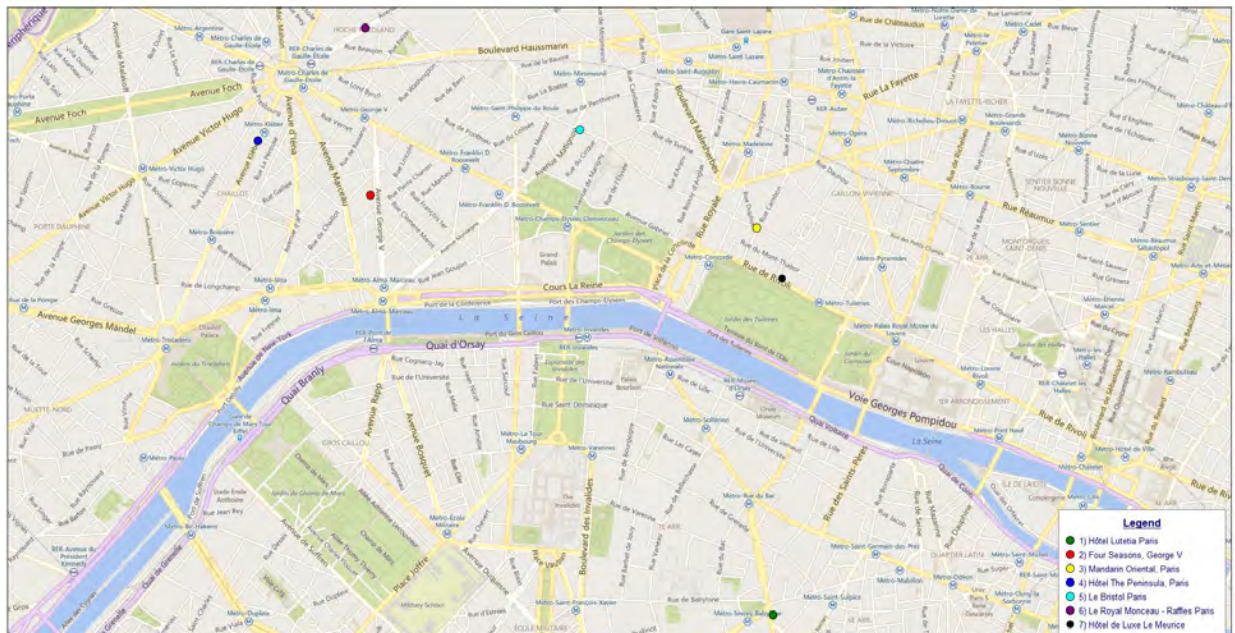
In addition to the above the group also has two existing hotels in Israel. We are advised the group has ambitions to expand into further key city locations, therefore building on the brand awareness within the international markets.

8.2. Competitor Trading Analysis

We have determined a new competitive set, which we outline below. Note that the hotels that we deem to be competitors all have 'Palace' status. The ownership has reported that the Property has received also 'Palace' status and we have considered this in our valuation herein.

- Four Seasons George V
- Mandarin Oriental Paris
- The Peninsula
- Hotel Le Bristol
- Le Royal Monceau
- Le Meurice

Competition map



- 1 The Lutetia 2 George V 3 Mandarin Oriental Paris 4 Hotel Peninsula
5 Le Bristol 6 Le Royal Monceau 7 Hotel de Luxe Le Meurice

Four Seasons George V – 31 Avenue George V, 75008 Paris



Landlord:	Prince Al-Waleed Bin Tefal
Business operator:	Four Seasons
Opening Date:	1999
Number of rooms:	244 (including suites)
Price per night (rooms)	750 – 1,150 Euros
Price per night (suites)	1,895 – 15,000 Euros

Welcoming visitors since 1928, the Four Seasons underwent integral renovation over two years between 1997 and 1999 costing more than €100 million. It fuses traditional prestige and modernity. The hotel is now run by the Four Seasons chain. It offers a spa with swimming pool as well as 2* Michelin guide restaurant ('Le Cinq') headed by the chef Eric Briffard.

Le Meurice – 228 rue de Rivoli, 75001 Paris



Landlord:	Dorchester Group
Business operator:	Dorchester Collection
Opening Date	July 2000
Number of rooms:	118
Number of suites	40
Price per night (rooms)	730 – 1,020 Euros
Price per night (suites)	1130 – 14,500 Euros

Built in 1835, le Meurice underwent large-scale renovations in 2000, costing €70 million. The bedroom count was reduced from 180 to 160. The hotel benefits from a 3* guide Michelin restaurant. More recently, the communal areas of the Le Meurice hotel underwent a full redecoration by designer Philippe Starck in 2008 and the kitchen was re-designed by Yannick Alléno. The restaurant won its third star in 2007.

Le Bristol – 112 Rue Faubourg St Honoré, 75008 Paris



Landlord:	Oetker Hotel Collection
Business operator:	Oetker Hotel Collection
Opening Date	1924
Number of rooms:	97
Number of suites	90
Price per night (rooms)	800 – 1,020 Euros
Price per night (suites)	1,150 – 2,450 Euros

Open since 1924, the hotel overlooks a large garden and has a swimming pool on the lower floor. The hotel also offers a 3* guide Michelin restaurant headed by Eric Fréchon. The hotel has been renovated in 2008 to extend the offer of the hotel. The project cost 42 million Euros, of which 20 million constituted the acquisition of the building.

Hotel Peninsula – Avenue Kléber, 75016 Paris



Landlord:	Qatari Diar (80%) The Hong Kong and Shanghai Hotels Limited
Business operator:	
Opening Date:	1st August 2014
Number of rooms:	200
Number of suites:	34
Price per night (rooms):	800 – 1,795 Euros
Price per night (suites):	2,395 – 25,000 Euros

The hotel was opened in 2014, the site was sold by the state to Barwa Real Estate for €404 million, who then sold it onto Qatari Diar for a total of €456 million. The Peninsula Paris is situated in a classic late 19th century Parisian building with numerous Haussmanian and

neoclassic features, which initially housed one of the most luxurious hotels in Paris which opened in 1908. The building is full of history and has been restored with care, and subtly brought up to date to offer an exceptional level of comfort appropriate for the 21st century. The Peninsula has 200 luxury rooms, including 34 of the most spectacular suites in the city.

Le Royal Monceau – 37 Avenue Hoche, 75008 Paris



Landlord:	Qatari Diar sovereign wealth fund
Business operator:	Raffles
Opening Date:	October 2010
Number of rooms:	86
Number of suites:	63
Price per night (rooms):	850 - 1000 Euros
	1,500 – 25,000 Euros

Open since 1924, the hotel overlooks a large garden and has a swimming pool on the lower floor. The hotel also offers a 3* guide Michelin restaurant headed by Eric Fréchon. The hotel has been renovated in 2008 to extend the offer of the hotel. The project cost 42 million Euros, of which 20 million constituted the acquisition of the building.

Mandarin Oriental – 247-251 Rue Saint Honoré, 75008 Paris



Landlord:	Mandarin Oriental
Business operator:	Mandarin Oriental
Opening Date:	June 2011
Number of rooms:	138 (including suites)
Price per night (rooms)	From 600 Euros
Price per night (suites)	1,450 – 20,000 Euros

The hotel has 138 luxury bedrooms and suites, some of which are amongst the most spacious and an interior garden of Oriental inspiration

The architect Jean-Michel Wilmotte supervised the restoration of the building and Sybille de Margerie designed the interior architecture and decoration of the guest rooms, the spa and the communal areas. Patrick Jouin and Sanjit Manku were responsible for designing the bar and the 2 restaurants entrusted to chef Thierry Marx. A 900 m² spa, a pool and meeting rooms complete this Parisian palace.

8.3. Pipeline of Luxury Hotels

To the best of our knowledge, there are no proposed luxury hotels on the Left Bank. We have therefore summarised the following notable projects due to come to market over the next year.

Cheval Blanc (April 2020): 72 rooms and suites, housed within La Samaritaine and featuring a partnership with House of Dior for the spa facilities.

So by Sofitel (2021): 100 rooms with an "extremely luxurious" positioning located at the top of the Champs Elysées.

9. Business Analysis

Overview

The Hotel closed in April 2014 to undergo a comprehensive refurbishment that finished in stages over the course of the second half of 2018. We have been provided with the only full year of trading accounts available in addition to projections through 2023. The limited exposure of the business to the market since opening makes the performance metrics subject to a certain degree of volatility as it seeks to reach a stabilised position of trading.

The key sales strategies of the hotel include implementing a best available rate (BAR) structure for all room categories in an effort to optimise ADR. Management also wants to build base business for the low season to sustain a healthy occupancy and implement a rate strategy to leverage the ADR from “Best seller” room categories. The General Manager has indicated the Hotel has approximately 80 corporate accounts which include the likes of LVMH, Boston Consulting Group and local embassies among others. Corporate rates tend to range from €300 to €625, depending on seasonality, inclusive of bed and breakfast. Presently, the individual corporate accounts tend to generate less than 50 room nights per annum. The management are targeting a 15% to 20% corporate base of business, which seems attainable given the current distribution of this segment was reported to be approximately 13%.

Marketing initiatives include position print advertising from the brand to tactical targeting in key markets such as the USA, UK and France. The management has also created a media plan for digital advertising and engaging a global group agency to confirm celebrity or high profile guest stays and build luxury fashion partnerships in addition to key account targets. Over half of the guests so far have North or South American origins, with a majority of this geographical segment hailing from the United States. The Middle East guest segment is a key target area as the business tries to entice guests who typically stay on the Right Bank at legacy Palace Hotels to give Lutetia an opportunity to service their hospitality needs. Online travel agencies (OTAs) were reported to bring in 17% of rooms business, which is a commendably low level given the independent nature of the Hotel. Booking.com is the most dominant source of business and commissions generally range from 18% to 21%.

The hotel has several F&B outlets as previously described in the accommodation section of this report. Brasserie Lutetia, a prominent attraction, has opened and generally received favourable media coverage. We understand this outlet to be operated via a profit sharing agreement with three stars Michelin Chef Gerald Passedat. The affiliation with such a prestigious chef should increase the marketability and appeal of the brasserie to both residents and external patrons alike as well as elevate the exposure of the hotel and its other facilities to the public. Average spends were reported to be €50 on average for lunch and €100 in the evenings for dinner. We understand the outlet operated at a loss in its initial year of operation. It is not uncommon to see upscale dining outlets operate at a low profit margin, or even a loss, in the early stages of their business cycle. The next 12 to 18 months should provide further insight as to whether the concept has been embraced by the market and offer a perspective on the viability of business model.

Bar Josephine and Le Saint Germain attract a significant external trade comprised heavily of Parisians who live in the affluent surrounding areas. The spaces are usually busy throughout the day into the evening and average spend at Le saint Germain was reported to be slightly higher than the previously mentioned figures for the brasserie. Bar Aristide, which features a cigar lounge, is open from Wednesday to Saturday from 18:00 to 2:00. It is also available for private functions and can be hired for €2,000 to €5,000 per evening depending on availability and demand. L'Orangerie at the present time is only utilised for breakfast but the management thinks it could be viable as an events space in the future. Breakfast conversion among residents was reported to be about 65% and the offer price is €58, which includes a selection an array of hot menu items in addition to a continental offer.

Banqueting has potential to be a reasonably profitable department as the hotel will attract some corporate meetings and events. Leisure based events such as weddings and dinners will also be hosted by the function space at the hotel. The spa and leisure club has already received several accolades given its extensive facilities. In fact, the management did not anticipate the popularity and demand for membership of the leisure centre when reopening the hotel. It was reported that the facility currently has 210 members who pay on average €6,800 per annum in membership fees.

The hotel is an interesting case study as it will stand as the only Palace hotel located south of the Seine River. It remains to be seen if this prestigious distinction coupled with the hotel’s unique situation in Paris will be able to capture a significant volume of market share from its competitors on the Right Bank.

Despite the downturn experienced by hotels in Paris from terrorist related events in 2015/16, the Paris market has generally been resilient and remains strong from an investment perspective. The Hotel’s opening in May 2018 coincided well with the recovery of the market and related performance metrics, however, protests such as the yellow vest movement (mouvement des gilets jaunes) and others have had an adverse impact on tourism volumes.

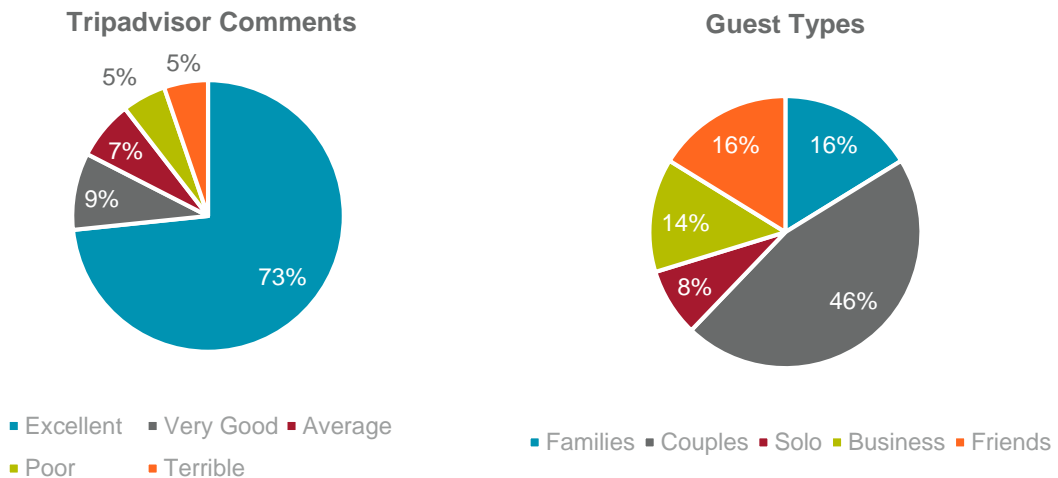
This consequently has suppressed trading fundamentals of hotels, particularly in locations close to the areas of protestor activities, which was an issue for the Property in the last year. We remain generally optimistic that barring any more unforeseen terrorist or economic and/or political events which may reduce demand, Hotel Lutetia should be able to significantly improve on its performance from last year.

A potential threat to this progress is the emergence of the coronavirus (COVID-19). As the epidemic has reached global proportions it has without question adversely impacted traveller volumes. The extent of its effects on the geopolitical and economic climate remains to be seen beyond Q1 2020. The impact of COVID 19 has to be discounted though from our valuation due to its impact not being known as at the date of our valuation.

Guest Perception and Segmentation

Following the refurbishment, the hotel has a strong sense of arrival and possesses the attributes one would expect from a trophy level Palace Hotel. We have compiled a high-level overview of the hotel’s perception and segmentation based on information available through TripAdvisor.

Tripadvisor Reviews for Hotel Lutetia date from July 2018 to February 2020. A summary of the quality and the guest profile is outlined below.



The comments about the hotel illustrate a very consistent theme with 90% indicating excellent or very good experiences. Guests especially like the location and service. Other positive feedback includes compliments on the décor and cleanliness of the rooms.

The opinions about the staff are generally very favourable. Most guests denote them as excellent or very good, with occasional comments expressing varying degrees of dissatisfaction. The guest profile is diverse which bodes well for penetrating market share in the luxury five-star segment.

The food and beverage outlets were also generally well received among the reviews. Quality of food and service coupled with ambience were the some of the hallmarks mentioned among others. Several reviews indicated additional stays in the future.

Given the limited time the hotel has been trading is still too premature to assess the public opinion of Hotel Lutetia. The Property appears to benefit from most of the attributes required to become one of the leading Parisians Palace Hotels. Some potential obstacles include its situation on the Left Bank and the ability of the owner to revenue manage the various income streams associated with the business.

Due to its fairly recent opening, the hotel still needs to establish its reputation as a preeminent hotel in central Paris and begin building a loyal base of frequent guests. The scarce number of reviews and social media activity further demonstrates that the hotel needs more time to gather a critical mass of data for evaluation. Overall, the preliminary indicators are positive.

Existing and Projected Performance – Hotel Management

We have been provided with 2019 actual accounts for January to December, in addition to a 2020 budget and projections for 2021 through 2023.

We also set out our own five year projections in the subsequent section.

Data Type	Actual December 2019				Forecast December 2020				Actual December 2021				Actual December 2022				Actual December 2023			
Period Ending Year																				
No of Bedrooms:	184				184				184				184				184			
Occupancy rate	40.00%				55.00%				63.00%				65.00%				68.00%			
Average Room Rate	719.00				860.00				890.00				940.00				965.00			
Revenue Per Available Room (RevPAR)	287.60				473.00				560.70				611.00				656.20			
Number of Days Open	365				365				365				365				365			
Available Rooms	67,160				67,160				67,160				67,160				67,160			
Occupied Rooms	26,864				36,938				42,311				43,654				45,669			
TOTAL SALES	37,346,736				56,034,099				63,306,612				68,182,260				72,488,117			
BEDROOMS																				
Room Sales	19,107,667	51.2%	711.27	103,846	31,766,680	56.7%	860.00	172,645	37,656,612	59.5%	890.00	204,656	41,034,760	60.2%	940.00	223,015	44,070,392	60.8%	965.00	239,513
Room Expenses	8,965,875	46.9%	333.75	48,728	9,614,383	30.3%	260.28	52,252	11,002,487	29.2%	260.04	59,796	11,509,209	28.0%	263.65	62,550	11,964,554	27.1%	261.99	65,025
Departmental Profit	10,141,792	53.1%	377.52	55,118	22,152,297	69.7%	599.72	120,393	26,654,125	70.8%	629.96	144,859	29,525,551	72.0%	676.35	160,465	32,105,838	72.9%	703.01	174,488
FOOD & BEVERAGE																				
Food & Beverage Sales	15,080,189	40.4%	561.35	81,958	20,439,517	36.5%	553.35	111,084	21,500,000	34.0%	508.14	116,848	22,790,000	33.4%	522.06	123,859	23,929,500	33.0%	523.98	130,052
Food & Beverage Cost	16,784,877	111.3%	624.81	91,222	18,424,177	90.1%	498.79	100,131	19,416,550	90.3%	458.90	105,525	20,061,550	88.0%	459.56	109,030	20,631,300	86.2%	451.76	112,127
Departmental Profit	(1,704,688)	(11.3%)	-63.46	9,265	2,015,340	9.9%	54.56	10,953	2,083,450	9.7%	49.24	11,323	2,728,450	12.0%	62.50	14,829	3,298,200	13.8%	72.22	17,925
SPA/LEISURE																				
Spa/Leisure Revenue	1,966,009	5.3%	73.18	10,685	2,452,290	4.4%	66.39	13,328	2,650,000	4.2%	62.63	14,402	2,782,500	4.1%	63.74	15,122	2,865,975	4.0%	62.76	15,576
Spa/Leisure Expenses	1,588,662	80.8%	59.14	8,634	1,761,762	71.8%	47.70	9,575	1,785,716	67.4%	42.20	9,705	1,858,591	66.8%	42.58	10,101	1,904,503	66.5%	41.70	10,351
Departmental Profit	377,347	19.2%	14.05	2,051	690,528	28.2%	18.69	3,753	864,284	32.6%	20.43	4,697	923,909	33.2%	21.16	5,021	961,472	33.5%	21.05	5,225
OTHER																				
Other Revenue	1,192,871	3.2%	44.40	6,483	1,375,612	2.5%	37.24	7,476	1,500,000	2.4%	35.45	8,152	1,575,000	2.3%	36.08	8,560	1,622,250	2.2%	35.52	8,817
Other Expenses	468,382	39.3%	17.44	2,546	623,444	45.3%	16.88	3,388	559,540	37.3%	13.22	3,041	578,290	36.7%	13.25	3,143	590,103	36.4%	12.92	3,207
Departmental Profit	724,489	60.7%	26.97	3,937	752,168	54.7%	20.36	4,088	940,460	62.7%	22.23	5,111	996,710	63.3%	22.83	5,417	1,032,147	63.6%	22.60	5,609
GROSS OPERATING INCOME	9,538,940	25.5%	355.08	51,842	25,610,333	45.7%	693.33	139,187	30,542,319	48.2%	721.86	165,991	34,174,620	50.1%	782.85	185,732	37,397,657	51.6%	818.89	203,248
LESS EXPENDITURE																				
Administrative & General	4,447,047	11.9%	165.54	24,169	4,314,384	7.7%	116.80	23,448	4,443,815	7.0%	105.03	24,151	4,577,130	6.7%	104.85	24,876	4,714,443	6.5%	103.23	25,622
Sales & Marketing	4,067,844	10.9%	151.42	22,108	4,547,461	8.1%	123.11	24,714	4,683,885	7.4%	110.70	25,456	4,824,402	7.1%	110.51	26,220	4,969,134	6.9%	108.81	27,006
Repairs & Maintenance	1,505,843	4.0%	56.05	8,184	1,665,913	3.0%	45.10	9,054	1,723,956	2.7%	40.75	9,369	1,775,674	2.6%	40.68	9,650	1,828,945	2.5%	40.05	9,940
Energy Costs	602,795	1.6%	22.44	3,276	725,149	1.3%	19.63	3,941	738,838	1.2%	17.46	4,015	761,003	1.1%	17.43	4,136	783,833	1.1%	17.16	4,260
TOTAL UNDISTRIBUTED COSTS	10,623,529	28.4%	395.46	57,737	11,252,907	20.1%	304.64	61,157	11,590,494	18.3%	273.94	62,992	11,938,209	17.5%	273.47	64,882	12,296,355	17.0%	269.25	66,828
GROSS OPERATING PROFIT	- 1,084,589	(2.9%)	-40.37	- 5,895	14,357,426	25.6%	388.69	78,029	18,951,825	29.9%	447.92	102,999	22,236,411	32.6%	509.38	120,850	25,101,302	34.6%	549.64	136,420
LESS FIXED COSTS																				
Property tax	1,295,202	3.5%	48.21	7,039	1,441,000	2.6%	39.01	7,832	1,484,230	2.3%	35.08	8,066	1,528,757	2.2%	35.02	8,308	1,574,620	2.2%	34.48	8,558
Insurance	198,180	0.5%	7.38	1,077	270,000	0.5%	7.31	1,467	278,100	0.4%	6.57	1,511	286,443	0.4%	6.56	1,557	295,036	0.4%	6.46	1,603
Head Office	1,490,358	4.0%	55.48	8,100	1,500,000	2.7%	40.61	8,152	1,545,000	2.4%	36.52	8,397	1,591,350	2.3%	36.45	8,649	1,639,091	2.3%	35.89	8,908
Miscellaneous	99,209	0.3%	3.69	539	140,000	0.2%	3.79	761	144,200	0.2%	3.41	784	148,526	0.2%	3.40	807	152,982	0.2%	3.35	831
TOTAL FIXED COSTS	3,082,949	8.3%	114.76	16,755	3,351,000	6.0%	90.72	18,212	3,451,530	5.5%	81.58	18,758	3,555,076	5.2%	81.44	19,321	3,661,729	5.1%	80.18	19,901
NET OPERATING PROFIT (Pre FF&E Reserve)	- 4,167,538	(11.2%)	-155.13	- 22,650	11,006,426	19.6%	297.97	59,818	15,500,295	24.5%	366.34	84,241	18,681,335	27.4%	427.94	101,529	21,439,573	29.6%	469.46	116,519
FF&E RESERVE	-	0.0%	0.00	0	-	0.0%	0.00	0	-	0.0%	0.00	0	-	0.0%	0.00	0	-	0.0%	0.00	0
NET OPERATING PROFIT (Post FF&E Reserve)	- 4,167,538	(11.2%)	-155.13	- 22,650	11,006,426	19.6%	297.97	59,818	15,500,295	24.5%	366.34	84,241	18,681,335	27.4%	427.94	101,529	21,439,573	29.6%	469.46	116,519

Performance Review

We are limited to only one full year of trading since the Hotel reopened in mid-2018, which naturally, does not provide us with a comprehensive perspective of the business's trading potential moving forward.

Furthermore, as the hotel closed in April 2014 and underwent a complete refurbishment, the finished product bears little resemblance to the hotel before it underwent any change. We have received management's forecasts which have been amended after the 2019 financial year to reflect the fact that the hotel fell significantly short of initial expectations in its first full year of trading. The Hotel achieved a negative net operating profit (NOP) of approximately €4.2 million, whereas its initial target was in excess of €10 million. As previously mentioned, we understand significant disruptions to the business occurred on account of the various protest in Paris and subsequent cancellations in leisure related business from overseas tourists.

Total sales are projected to increase from 2019 to 2020 by approximately €18.7 million, or 50%. The cause of the uplift is fundamentally through increases in room sales and food and beverage sales. Such a dramatic increase in overall turnover reflects a significant pivot in the direction of travel of the business, but management is confident without major disturbances in Paris from protests it can endeavour towards reaching some of its initial performance milestones.

The projections in the 2020 budget show an occupancy of 58%, up from 40% in 2019 and rising continuously to 68% in 2023. The stabilised occupancy is generally consistent with what we would expect for a Palace status hotel to achieve in Paris although the initial levels and the speed at which it achieves these levels will be dependent upon the ability of the hotel to penetrate the market and the ability of management.

The ADR in the 2020 budget is forecast to be €860, which reflects an increase of €141 or about 20% from the rate achieved in 2019. ADR is projected to move to €890 in Year 2 and €940 in Year 3.

By the fifth full year of operation (2023), management are projecting rooms revenue to account for 61% of revenue and food and beverage for 33%, of total revenue. These ratios seem consistent with industry standards given the luxury nature of the hotel.

Room's expenses are forecast to be about 28% by Year Three (2022). Food and beverage revenue is projected to increase by about 5.2% in Year 2, from about €20.4m to €21.5m. Growth from Year 2 to Year 3 is slightly higher with an increase to approximately €22.8m, or by 6.0%. We have not been provided with the assumptions upon which the food and beverage projections have been based.

The food and beverage expenses are forecast to be approximately 90% to 86% over the next four years of operation. The level projected is very high even by luxury hotel standards. Industry standards, for a hotel of this calibre typically range between 75% and 90% depending on the type of operation.

Undistributed costs see modest decreases through Years 1 through 4 as the hotel will be in the midst of progressing toward stabilisation, with an approximate range of 20% to 17% projected over this period.

Projected 2020 NOP equates to around €11 million, or 19.6%. This figure eventually reaches approximately €21.4 million, or 29.6% in the fourth year (2023). Please note the projections provided for our review do not allow for a replacement reserve for the FF&E.

The projections take into account the relatively slow anticipated start up for the hotel based on there being no international brand to have that immediate appeal and impact on the market.

10. C&W Trading Projections

Introduction & General Assumptions

Fundamental to the opinions of operating results is that we assume a competent and efficient management at the property level, a well-coordinated marketing plan for the hotel, and a well-devised yield management strategy. Among the primary responsibilities of management are the maintenance of a quality facility, the execution of an adequate marketing effort, and operating in a cost efficient manner.

Our projections incorporate an opinion of general price inflation based upon economic projections from various sources and historical data. To portray price level changes, we have adopted an average inflation rate of 2% per year throughout the projection period. This is intended only to portray an expected long-term trend in price movements, rather than for a specific interval in time.

Based on our review of the Property's prospective operating performance upon completion of the refurbishment, as well as our analysis of comparable hotel income and expense statements and industry norms, we have derived base levels of income and expense. The units of comparison include percentage of departmental and/or total revenue, amount per available room, and amount per occupied room.

After reviewing the projections prepared in respect of the Property, hotel industry averages, and the performance of comparable hotels, we have developed a ten year projection of income and expense, with the first year beginning January 2020.

The projection of income and expense is intended to reflect the valuer's opinion of how a typical buyer would project the Property's operating results. Depending on the dynamics of the local market, a typical buyer's projection may be adjusted upward or downward. We have attempted to incorporate these considerations into this analysis.

Trading Projections Operation

The following chart depicts our summary profit and loss projections showing the hotels income and expenses for the five years commencing January 2020. The statements are expressed in inflated terms for each year.

Data Type Period Ending Year	1 Projected December 2021				2 Projected December 2022				3 Projected December 2023				4 Projected December 2024				5 Projected December 2025			
No of Bedrooms:	184				184				184				184				184			
Occupancy Rate	55.00%				63.00%				65.00%				68.00%				68.00%			
Average Room Rate	850.00				885.00				935.00				965.00				984.30			
Revenue Per Available Room (RevPAR)	467.50				557.55				607.75				656.20				669.32			
Days Open	365				365				365				365				365			
Available Rooms	67,160				67,160				67,160				67,160				67,160			
Occupied Rooms	36,938				42,311				43,654				45,669				45,669			
Occupancy Growth Factor	1.000				1.145				1.032				1.046				1.000			
TOTAL SALES	55,172,300	%	POR	PAR	63,095,058	%	POR	PAR	67,666,490	%	POR	PAR	72,276,892	%	POR	PAR	73,722,430	%	POR	PAR
BEDROOMS																				
Room Sales	31,397,300	56.9%	850.00	170,638	37,445,058	59.3%	885.00	203,506	40,816,490	60.3%	935.00	221,829	44,070,392	61.0%	965.00	239,513	44,951,800	61.0%	984.30	244,303
Room Expenses	9,576,177	30.5%	259.25	52,044	10,859,067	29.0%	256.65	59,017	11,428,617	28.0%	261.80	62,112	11,899,006	27.0%	260.55	64,669	12,136,986	27.0%	265.76	65,962
Departmental Profit	21,821,124	69.5%	590.75	118,593	26,585,991	71.0%	628.35	144,489	29,387,873	72.0%	673.20	159,717	32,171,386	73.0%	704.45	174,844	32,814,814	73.0%	718.54	178,341
FOOD & BEVERAGE																				
Food & Beverage Sales	20,000,000	36.3%	541.45	108,696	21,500,000	34.1%	508.14	116,848	22,500,000	33.3%	515.42	122,283	23,750,000	32.9%	520.05	129,076	24,225,000	32.9%	530.45	131,658
Food & Beverage Cost	18,000,000	90.0%	487.30	97,826	19,350,000	90.0%	457.33	105,163	19,800,000	88.0%	453.57	107,609	20,900,000	88.0%	457.64	113,587	21,318,000	88.0%	466.80	115,859
Departmental Profit	2,000,000	10.0%	54.14	10,870	2,150,000	10.0%	54.14	10,870	2,700,000	12.0%	61.85	14,674	2,850,000	12.0%	62.41	15,489	2,907,000	12.0%	63.65	15,799
SPA/LEISURE																				
Spa/Leisure Revenue	2,400,000	4.4%	64.97	13,043	2,650,000	4.2%	62.63	14,402	2,775,000	4.1%	63.57	14,402	2,850,000	3.9%	62.41	15,489	2,907,000	3.9%	63.65	15,799
Spa/Leisure Expenses	1,800,000	75.0%	48.73	9,783	1,987,500	75.0%	46.97	10,802	1,942,500	70.0%	44.50	10,557	1,909,500	67.0%	41.81	10,378	1,947,690	67.0%	42.65	10,585
Departmental Profit	600,000	25.0%	16.24	3,261	662,500	25.0%	15.66	3,601	832,500	30.0%	19.07	4,524	940,500	33.0%	20.59	5,111	959,310	33.0%	21.01	5,214
OTHER																				
Other Revenue	1,375,000	2.5%	37.22	7,473	1,500,000	2.4%	35.45	8,152	1,575,000	2.3%	36.08	8,560	1,606,500	2.2%	35.18	8,731	1,638,630	2.2%	35.88	8,906
Other Expenses	618,750	45.0%	16.75	3,363	570,000	38.0%	13.47	3,098	567,000	36.0%	12.99	3,082	578,340	36.0%	12.66	3,143	589,907	36.0%	12.92	3,206
Departmental Profit	756,250	55.0%	20.47	4,110	930,000	62.0%	21.98	5,054	1,008,000	64.0%	23.09	5,478	1,028,160	64.0%	22.51	5,588	1,048,723	64.0%	22.96	5,700
GROSS OPERATING INCOME	25,177,374	45.6%	681.61	136,834	30,328,491	48.1%	716.80	164,829	33,928,373	50.1%	777.21	184,393	36,990,046	51.2%	809.96	201,033	37,729,847	51.2%	826.16	205,054
LESS EXPENDITURE																				
Administrative & General	4,413,784	8.0%	119.49	23,988	4,416,654	7.0%	104.39	24,004	4,601,321	6.8%	105.40	25,007	4,697,998	6.5%	102.87	25,533	4,791,958	6.5%	104.93	26,043
Sales & Marketing	4,413,784	8.0%	119.49	23,988	4,732,129	7.5%	111.84	25,718	4,736,654	7.0%	108.50	25,743	5,059,382	7.0%	110.78	27,497	5,160,570	7.0%	113.00	28,047
Repairs & Maintenance	1,655,169	3.0%	44.81	8,995	1,735,114	2.8%	41.01	9,430	1,691,662	2.5%	38.75	9,194	1,806,922	2.5%	39.57	9,820	1,843,061	2.5%	40.36	10,017
Energy Costs	717,240	1.3%	19.42	3,898	757,141	1.2%	17.89	4,115	744,331	1.1%	17.05	4,045	795,046	1.1%	17.41	4,321	810,947	1.1%	17.76	4,407
TOTAL UNDISTRIBUTED COSTS	11,199,977	20.3%	303.21	60,869	11,641,038	18.5%	275.13	63,267	11,773,969	17.4%	269.71	63,989	12,359,349	17.1%	270.63	67,170	12,606,536	17.1%	276.04	68,514
GROSS OPERATING PROFIT	13,977,397	25.3%	378.40	75,964	18,687,453	29.6%	441.67	101,562	22,154,404	32.7%	507.50	120,404	24,630,698	34.1%	539.33	133,862	25,123,312	34.1%	550.12	136,540
LESS FIXED COSTS																				
Property Tax	1,441,000	2.6%	39.01	7,832	1,485,000	2.4%	35.10	8,071	1,529,000	2.3%	35.03	8,310	1,575,000	2.2%	34.49	8,560	1,606,500	2.2%	35.18	8,731
Insurance	270,000	0.5%	7.31	1,467	275,400	0.4%	6.51	1,497	280,908	0.4%	6.43	1,527	286,526	0.4%	6.27	1,557	292,257	0.4%	6.40	1,588
Head Office	1,500,000	2.7%	40.61	8,152	1,530,000	2.4%	36.16	8,315	1,560,600	2.3%	35.75	8,482	1,591,812	2.2%	34.86	8,651	1,623,648	2.2%	35.55	8,824
Miscellaneous	140,000	0.3%	3.79	761	142,800	0.2%	3.38	776	145,656	0.2%	3.34	792	148,569	0.2%	3.25	807	151,541	0.2%	3.32	824
TOTAL FIXED COSTS	3,351,000	6.1%	90.72	18,212	3,433,200	5.4%	81.14	18,659	3,516,164	5.2%	80.55	19,110	3,601,907	5.0%	78.87	19,576	3,673,945	5.0%	80.45	19,967
NET OPERATING PROFIT (Pre FF&E Reserve)	10,626,397	19.3%	287.68	57,752	15,254,253	24.2%	360.53	82,904	18,638,240	27.5%	426.95	101,295	21,028,790	29.1%	460.46	114,287	21,449,366	29.1%	469.67	116,573
FF&E RESERVE	1,655,169	3.0%	44.81	8,995	1,892,852	3.0%	44.74	10,287	2,706,660	4.0%	62.00	14,710	2,891,076	4.0%	63.31	15,712	3,686,121	5.0%	80.71	20,033
NET OPERATING PROFIT (Post FF&E Reserve)	8,971,228	16.3%	242.87	48,757	13,361,401	21.2%	315.79	72,616	15,931,580	23.5%	364.95	86,585	18,137,715	25.1%	397.16	98,575	17,763,245	24.1%	388.96	96,539

C&W Projections Review

Our projections assume that the hotel performance will not be impacted by the political demonstrations taking place in Paris. We understand the projections provided by management have adopted a similar outlook. We consider that a prospective purchaser will for the time being largely ignore the short term negative impact. Although, if the disruption continues or worsens then this may eventually have a negative impact on the valuation.

In terms of occupancy, we have adopted 55% in our first year to allow for the hotel to build its trade which is consistent with management's estimates. We anticipate that the hotel will show light growth in occupancy over the first few years to eventually stabilise at 68% in 2024. Historically, the competitive set's occupancy has not reached 70% in the last few years, but we would anticipate that the Hotel will eventually be able to achieve a stronger ADR relative to its historic performance and a rate closer to its competition north of the River Seine. The last few years have also been recovery years from the succession of terrorist atrocities which impacted the city performance. The most recent year passed also saw additional disruption to trade from political demonstrations.

As stated, despite having a greater number of suites than before the refurbishment, the Lutetia is likely to still have a lower ADR than the hotels that fall within its competitive set which feature bedroom/suite ratios as high as 50%. The combined set ADR generally ranges from €800 to €1,200 depending on seasonality and demand. The finished Lutetia product appears to be on par with these hotels, suggesting that it has the opportunity to operate within the range of the competitive set, albeit towards the lower end of the range given its Left Bank situation. We have adopted a rate of €850 in our first year with growth of approximately 4% and 5.5% in the following two years, respectively. This is to reflect the build-up of trade in what is essentially a new business.

It is important to note that the Lutetia is unbranded and will not be able to draw upon the same resources as those hotels in its competitive set. Also, the brands in the set such as Four Seasons, Rosewood and Mandarin Oriental are known worldwide as luxury brands. For this reason, guests expect to pay high rates at these hotels, however the Lutetia will not immediately have this brand image and will not be able to command such rates. It is possible however, when considering the price per night at some of the other hotels in the set that Lutetia can achieve slightly inferior rates at stabilisation. The number of suites at a hotel has a strong bearing on the rate achievable. Logically the higher the number of suites, the higher the ADR. It is important however to have a good balance of rooms to suites.

We expect that the food and beverage (F&B) department will produce a substantial income to augment the total revenue of the hotel once it establishes its presence in the market. We have set food and beverage costs very high consistent with the expectations of management which are in 88% to 90% range of food and beverage sales. Similar hotels that we have assessed show food and beverage costs between 75% and 90% of F&B revenue. Hotels with fine dining and multiple outlets will logically have higher costs than a more simplistic food and beverage department, but Lutetia's current offer is at the higher end of this range.

The spa (Akasha) is likely to be a reasonably profitable department at a conversion of approximately 28% to 33% during the ramp up period to stabilisation, in our projections.

Undistributed operating expenses are costs borne by the entire operation and not attributable to any one specific department or profit centre. These include Administration & General expenses, Sales & Marketing, Energy Costs and Repairs & Maintenance. We have based our undistributed cost projections on the projections provided and also other similar hotels that we have assessed. We have made an allowance for head office costs of €1,500,000 in year one, subsequently moving in tandem with revenue volumes from 2% to 2.5% of total revenue over the holding period as a likely purchaser of the hotel would be an owner operator.

Industry experience indicates that a reserve for replacement of 3% to 5% of total revenue is generally sufficient to provide for the timely replacement of FF&E. We have concluded with a reserve for replacement of 3% per annum in years one and two and 4% in years three and four, with an allowance of 5% per annum thereafter. Whilst this could be perceived as low for a five star hotel we have considered that a) it is relatively new hotel and b) that it is unbranded and so there is not the same requirement to constantly adhere to a set of very prescriptive brand standards.

Our projected net operating profit (NOP) equates to around €8,971,228, or 16.3% in our first year projection. This figure eventually reaches approximately €15,931,580 post FF&E, or 23.5% in the third year.

We have added a 50 basis points as an additional risk premium to our selected discount rate as the hotel will need to re-establish its business following the significant closing period for the refurbishment and repositioning as a Palace Hotel.

10.1. Principal Valuation Considerations

An established hotel in the heart of Paris, Hotel Lutetia has potential to become an iconic hotel within the local market. The hotel should benefit from a strong position with limited comparable competition within the St-Germain district.

We are of the view that the location of the hotel and its operating structure being free and clear of any management agreement, there is likely to be high demand from the hotel investors desiring the flexibility to either operate the Hotel direct or put in place a management contract with an established globally recognised brand.

Based upon our findings above we have considered all the investment factors relevant to this property, as would be considered by potential purchasers.

Location / Situation and Competition

While the location of the hotel is on the Left Bank, the quality of the asset post refurbishment appears to be consistent with the requirements of Palace. The immediate surrounding area is also affluent and of a high value nature comprising prestigious retail and residential uses.

Building Design / Condition / Suitability

At the time of our inspection, the Hotel was of excellent design and condition and remains in harmony with the original building.

Site / Environmental Issues

We would consider there not to be any site or environmental issues.

Planning / Statutory Issues

We would consider there not to be any planning/statutory issues.

Income Security and Tenant Quality

Investors are likely to consider the security of income to be somewhat volatile due to the unproven trading of the finished product, as well as the high-end positioning of the hotel.

Saleability

Current Sale Prospects

What is the estimated period it would take to sell the Property at Fair Value? 6 to 9 months

Purchaser demand is likely to be Very Good

The availability of such an iconic and established hotel, remains scarce and as such we would anticipate strong demand for the freehold property, particularly on an unencumbered basis to an investor or indeed an investor/operator. We consider the most likely investor type to be a high net worth private investor or sovereign wealth fund. This hotel investment is unlikely to appeal to private equity as there is unlikely to be a quick exit position. This is an asset that would ideally suit a long hold strategy.

10.2. Fair Value

Approach

The value of a trading hotel is assessed by adopting the income approach to valuation whereby the sustainable earnings that can be generated are capitalised at a rate of return that investors require in the market.

The approach adopted will ultimately depend on the type of hotel asset and the level of sophistication of purchasers in the market although this would typically involve adopting a discounted cash flow whereby the future earnings of the business are discounted over a given period before assuming a sale at the end of this period.

Adopting an income approach also requires the analysis of comparable transactions in the market to assess the rates of returns investors are prepared to accept at the date of valuation. The sales approach is also used as a secondary measure to analyse value on a price per bedroom basis as this method this will often be used by purchasers in the market as a guide.

As such our opinions of value are based on analysis of recent relevant market transactions supported by market knowledge derived from our agency experience.

Methodology

Discounted Cash Flow

In assessing the value of the hotel, we have adopted a discounted cash flow (DCF) having regard to the performance of the business as shown in our assessment above.

Under this approach the future profits of the hotel are discounted to present day values at a discount rate reflecting the opportunity cost of capital and risk associated with the investment. It is assumed that the asset will be sold by the end of a given period, which has been taken to be 10 years in this instance, and thus the projected net operating profit in the 11th year is capitalised at a market yield before being brought back to present day values.

The hotel will generate an operational income stream rather than a fixed rent income stream and so the greater potential volatility of this will be taken into account by investors.

Our analysis of applicable terminal capitalisation and discount rates for the Property specifically consider the building type and condition, the current local hotel market conditions, estimated future trends in the hotel market, the current and future earnings potential and the required returns on investment for similar investments.

A determination of the appropriate discount and capitalisation rates for the Property involves analysing comparable transactions, speaking with investors and brokers of hotel properties throughout the country, discussing investment parameters with other hospitality industry experts, and considering the results of several published investment surveys.

It is very difficult to compare this with other hotel transactions as trading data is often confidential and where it is available it is extremely difficult to analyse the true trading potential of the hotel. The table however below sets out details of comparable hotels in the market together with the yield achieved (where data is available) and price per bedroom. Further detail can be found in the market overview provided in the appendix of this report.

Period	Property	Price €m	Yield	Units	Buyer/ Seller
Q3 19	Paris Marriott Rive Gauche Hotel	190	5.0%	757	Aroundtown From Archer Capital
Q3 18	Westin Paris	655	---	428	Henderson Park et. al from GIC

Q4 17	LAZ' Hotel	26	4.0%	56	La Francaise Global REIM from Suitcase Hospitality
Q3 16	Pullman Paris Bercy, Paris	86	---	396	BNP Paribas from Benson Elliott, Walton St Capital and Algonquin
Q2 16	Portfolio Budget mid-range hotels	330	---	5,935	Eurazeo Patrimoine from Accor
Q2 16	Sheraton, Roissy, Tremlay-en-France	49	---	252	Financiere Immo Bordelaise From Starwood
Q1 16	Sofitel Paris, Le Faubourg, Paris	162	3.3%	147	Joint Treasure from Mount Kellet, Fortress & Emad Salib

The most notable transactions in the past few years where yield data is available for analysis are Marriott Rive Gauche (5.0%), LAZ' Hotel (4.0%) and Sofitel (3.3%).

We consider that an investor would consider the subject property along with high profile hotel assets in both London and New York and therefore there would be some reference to valuation within those markets also. We have summarised trophy level asset transactions from this year for informational purposes below.

LONDON Transaction Details

The Ritz, Piccadilly



- On the market
- £750,000,000
- c. £4.8 million per room

The iconic property is located on Piccadilly with frontage onto Arlington Street and an aspect over Green Park. It is rumoured the vendor is in discussions to sell the hotel to Sidra Capital, an investment coalition of wealthy Saudi Arabian families.

The hotel features 156 bedrooms including 47 suites as well as a bar, restaurants, casino and spa. The hotel was acquired by Ellerman Investments for £75M in 1996.

Grosvenor House, A JW Marriott Hotel



- Sold October 2018
- c. £700million
- £1,417,000 per room

The 496-bedroom 5 star hotel is located on Park Lane, one of the most prestigious hotel locations in London. The hotel has significant conference and events space and one of the largest hotel ballrooms in London, which will have a significant influence on value. The hotel is leased to Marriott with an indexed base rent and a profit rent top up.

Ashkenazy Acquisition Corporation, a U.S. private real estate investment firm based in New York sold the hotel to Katara Hospitality. Details surrounding the sale are still opaque as at the writing of this report but Ashkenazy.

The Beaumont Mayfair



- Sold September 2018
- £116 million
- £1,863,014 per room
- 2.4% yield

The price paid for the hotel was circa £116 million for a 125-year lease at a base and turnover rent. In addition, the purchaser acquired a long leasehold interest in the adjoining office building 2 Providence Court for £20 million and has consent to convert to hotel use subject to planning.

NEW YORK

Transaction Details

St. Regis



- Sold August 2019
- \$298 million
- \$1,252,101 per bedroom
- c. 0.3% yield

Qatari Investment Authority (QIA) purchased the Hotel from Marriott which is subject to a long-term management agreement. The Property comprises 229 guestrooms and seven residential suites. The cap rate at the time of sale was reported to be 0.3 percent.

The Plaza Hotel



- Sold July 2018
- \$600 million
- \$2,127,660 per bedroom
- 0.7% yield

Sale of the prestigious 282-unit Plaza Hotel. Sahara US Corporation and Fiverivers Properties LLC sold the property to Katara Holdings for an estimated \$600,000,000 or \$2,127,660 per room. The building contains a residential condominium component which is not part of the sale. Reportedly, the estimated cap rate at the time of sale was 0.7 percent.

Marriott Edition Times Square



- Sold April 2018
- \$719.1 million
- \$1,590,929 bedroom

Sale of the 452-key Edition Times Square. The hotel is currently under construction. This sale represents a buyout of the ownership interest in the project by Maefield Development and Fortress Investment Group from a host of owners. The hotel opened in March 2019.

Having considered the desirability of the hotel based on the factors above, we have employed a reversionary capitalisation rate of 3.5% to reflect the earnings achieved but largely more the future trading potential of the Property.

We have selected a discount rate of 6.00% for the purpose of our valuation, of which 50 basis points comprises an additional risk premium as the hotel is still in the process of repositioning and establishing its business following an approximate four-year closing period for the current refurbishment.

Our valuation is shown after the deduction of purchaser's costs at 1.5%, given the likely sales scenario concerning shares of the ownership entity.

The resultant value of €433,000,000, is equivalent to €2,353,261 per bedroom. Clearly, this is higher on a per bedroom basis than any of the above transactions, although this is mainly due to the absence of hotels at the upper end of the market transacting.

Discounted Cash Flow Model

Our valuation analysis and discounted cash flow model are presented on the following page. Incorporated in our model are these input variables and opinions.

Discounted Cash Flow Valuation	
Hotel Lutetia	
45 Boulevard Raspail, 75006 Paris, France	

Analysis Start Year		1
Holding Period (Years)		10
Growth Rate		2.00%
Additional Risk Premium		0.50%
Terminal Capitalisation Rate		3.50%
Discount Rate		6.00%
Purchaser's Cost	Manual	1.50%

Discounted Cashflow	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Total Revenue	55,172,300	63,095,058	67,666,490	72,276,892	73,722,430	75,196,878	76,700,816	78,234,832	79,799,529	81,395,520
EBITDA	8,971,228	13,361,401	15,931,580	18,137,715	17,763,245	18,118,510	18,480,880	18,850,497	19,227,507	19,612,057
<i>Net Yield</i>	2.04%	3.04%	3.62%	4.12%	4.04%	4.12%	4.20%	4.29%	4.37%	4.46%
<i>Gross Yield</i>	2.07%	3.08%	3.68%	4.19%	4.10%	4.18%	4.27%	4.35%	4.44%	4.53%
Capital Expenditures	-	-	-	-	-	-	-	-	-	-
Residual Proceeds	-	-	-	-	-	-	-	-	-	571,551,388
Net Cash Flow Before Debt	8,971,228	13,361,401	15,931,580	18,137,715	17,763,245	18,118,510	18,480,880	18,850,497	19,227,507	591,163,446
Discount Factor	0.94	0.89	0.84	0.79	0.75	0.70	0.67	0.63	0.59	0.56
Discounted Net Cash Flow Before Debt	8,463,422	11,891,600	13,376,462	14,366,769	13,273,730	12,772,834	12,290,841	11,827,035	11,380,732	330,102,580

Gross Value	439,746,005	
Less Acquisition Costs	(6,596,190)	
Net Value	433,149,814	Say 433,000,000
Net Value Per Room	2,354,075	2,353,261

Sensitivity Analysis

The discounted cash flow analysis was recalculated to test the sensitivity of the cash flow to variations of the discount and terminal capitalisation rates as illustrated in the matrix presented below.

Sensitivity Analysis	EBITDA Variance				
Capitalisation Yield	-10.0%	-5.00%	0.00%	5.00%	10.0%
5.50%	245,900,000	259,600,000	273,200,000	286,900,000	300,600,000
4.50%	301,900,000	318,600,000	335,400,000	352,200,000	369,000,000
3.50%	389,800,000	411,500,000	433,000,000	454,800,000	476,500,000
2.50%	548,200,000	578,600,000	609,100,000	639,500,000	670,000,000
1.50%	917,600,000	968,600,000	1,019,600,000	1,070,500,000	1,121,500,000

Value Conclusion

In summary, in arriving at our opinion of value we have adopted the following approach and inputs:

Fair Value	
Initial yield	2.04%
Capitalisation Rate	3.50%
Discount Rate	6.00%
Fair Value	€433,000,000
Capital value Per Bedroom	€2,353,261

Opinion of Fair Value

Our opinion of the Fair Value at the Valuation Date of the freehold interest in the Property, as a fully-equipped operational entity, having regard to trading potential, with vacant possession, is:

€433,000,000 (Four Hundred and Thirty Three Million Euros)

Hospitality Market Report

France

H2 2019

December 2019



Content

1. France	4
France's Economic Overview	5
French Hospitality Market.....	6
Key transactions in France	21
2. Comparable transactions	28

France

In 2018, 214.8 million overnight stays were recorded in France, an increase in comparison with 2017 (+2.4%), driven by growth in domestic travelers (+ 2.4%) and the return of foreign travelers (+ 7.6%). France's most visited region, Ile-de-France, recorded over 71 million hotel overnights in 2018. In the meantime, the Provence-Alpes-Côte d'Azur region recorded a slight increase in overnight stays of 0.5% after a recovery of 4.8% in 2017.

There were 17,720 hotels and 642,779 hotel rooms in Metropolitan France in 2018. The supply remained stable compared to 2017. In terms of pipeline, 450 hotel projects representing an additional 43,000 rooms are expected in the next five years in metropolitan France, 75% of which are expected in the Ile-de-France region and in the main regional cities.

In the regions, hotels have experienced growth in terms of performances between 2015 and 2018. RevPAR has increased by more than 7.0% on average in 2018. The highest growth in RevPAR in 2017 was recorded by Nice with 5.6%. The Parisian hotel market recorded an increase of 11.9% of the RevPAR. This recovery was supported by the return of foreign and business visitors. With international demand recovering and the hotel supply growing moderately, the outlook for hotel performances in France's largest cities looks positive. YTD October 2019 figures show an increase in RevPAR's across all segments in France thanks to ADRs increases, except in luxury segment. The average occupancy is stable in all categories except in the Luxury segment (-0.6pts). Overall, RevPAR's are increasing in all geographical areas except in Ile-de-France, Hauts-de-France and Centre-Val-de-Loire (respectively 0.2%, 0.0% and 0.6%).



1. France

France's Economic Overview

Country economic and tourism profile

Driven by a robust global economic recovery, French GDP increased by 1.6% in 2018 and 2.2% in 2017, making France the 6th largest economy in the world. In 2018, both household and business sentiments increased and reached levels close to those of 2007. The growth was supported by consumption, labour market and investments thanks to low interest rates. In one semester, unemployment rate decreased by 90 basis points to stand at 8.7%.

At the start of Q4 2019, INSEE upheld its end-of-year forecasts for GDP of 1.3% for 2019 following quarterly growth of 0.3%. France will therefore perform slightly better than the wider Eurozone (growth estimated at 1.2% for 2019).

The French economy remained strong in spite of the stagnation seen in international trade (down by -0.1% over Q2), because of trade tensions between the United States and China and continued uncertainty surrounding Brexit.

French growth has predominantly been driven by domestic demand and business investment (+0.9% over Q2) which has been bolstered by further decreases in interest rates. Public sector investment (+3.8% forecast for 2019) is also rising. Household consumption has been stimulated by improved consumer confidence and an expected increase in purchasing power (+2.3%). The most recent encouraging sign was the continued decrease in unemployment with 250,000 net job creations in 2019, taking the unemployment rate to 8.3% of the active population by the end of the period.

In 2019, France was impacted by the "Gilets jaunes" crises and strikes against the government's pension reforms. To show their discontent with the government several French people organised social protests in France. However, vandalism incidents sometimes followed these protests impacting the French reputation abroad and more particularly Paris in touristic area such as Champs Elysées.

The senate voted into law in June a bill reforming the SNCF, opening the sector to private competition and cutting employee benefits. Macron's government is expected to offload stakes in airports, energy and gaming monopoly (partly state-run companies) in 2019 to boost state finances.

There was a considerable increase in investment in France over Q3 with €8.2 billion and a 72% increase compared with Q3 2018. Following a rather slow start to the year, then a catch-up over the spring, investment in France has gained momentum and activity should be strong over Q4. The year-to-date investment volume stands at €20 billion and Q4 seems set to take the full-year volume to over €30 billion.

France ranks 2nd most competitive country in terms of travel and tourism development (out of 140, according to The Travel & Tourism Competitiveness Report of 2019). France's main tourism strengths remain in its considerable cultural resources, its sound ground transportation, and its good air connectivity. Tourism is an important sector of the French economy and accounted for 10.4% of GDP and 319 m jobs, or 10% of total employment in 2018.

Economic and financial indicators

Indicator		Reference date
Change in GDP	1.2%	Oct. 2019
	1.3%	2020F
Unemployment rate	8.6%	Oct. 2019
Inflation rate	1.2%	Oct. 2019
Interest rate	0%	2019
Balance of trade	\$ - 6.2 billion	Nov. 2019
Government debt to GDP	98.3%	2019

Sources: International Monetary Fund, European Central Bank, The Observatory of Economic Complexity

Population and tourism indicators

	2018-2019
Population	67.0 million (2019)
Major urban areas	Paris (10.8 m), Lyon (1.6 m), Marseille-Aix-en-Provence (1.6 m), Lille (1.0 m), Nice- Cannes (967 k), Toulouse (938 k) (2019)
Travel and tourism industry Contribution to GDP	10.4% (2018)
International tourist arrivals	89,858,000 (2018)
Average receipts per arrival	US\$527.7(2018)

Sources: World Bank, UNWTO, World Travel and Tourism Council

French Hospitality Market

Tourism sector

France registered a record number of circa 90 million international visitors in 2018, representing an increase of nearly 4.6% compared to 2016. In a complicated context, with important strikes and the yellow vests crisis, number of visitors in 2019 should decreased compared to 2018.

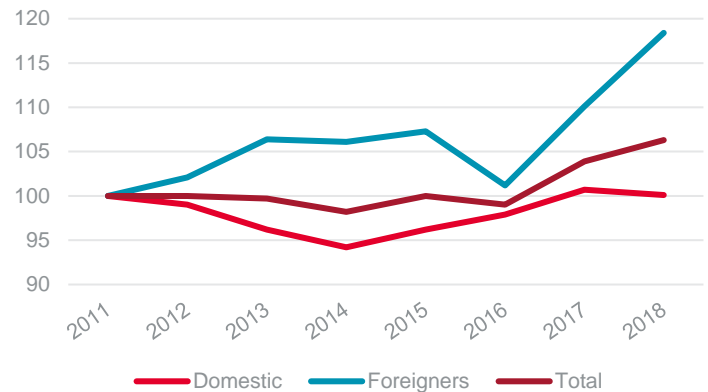
After a difficult year 2016 due to the terrorist attacks, 209.9 million of hotel overnights have been recorded in metropolitan France, which surpasses the levels reached between 2011 and 2016 and clearly confirms the return of tourism activity. The French hotel industry registered a 4.9% increase in overnight stays in 2017, driven by growth in domestic travellers (+ 2.8%) and the return of foreign travellers (+ 8.8% vs. -5.7% in 2016). The French clientele, which has experienced steady but moderate growth since 2015, accounts for about two-thirds of total overnights in 2017 with 64.0% while international customers account for 36% of which 65% are Europeans.

In 2018, the number of overnight stays has grown to a record level of 214.8 million thanks to the continuous recovery of foreign overnights which has increased by 7.6% reaching their historical level of 2011 while French demand has only increased by 2.4%. As a result, foreign customers represented 37.9% of total nights in 2019, its highest level since 2011. Please note that 52.6% of international overnights come from Europe.

More specifically, the growth of the European customer base was driven by demand from Spain, Germany and Italy, which increased between 9% and 13.5% compared to 2017. The English clientele represents the leading market for France with 11.4 million overnight stays in 2018 (+ 5.8%). This growth follows a 3.4% decline in 2017, probably related to the effects of Brexit. Tourists from the United States represent the second largest international clientele in 2018 with 10 million overnight stays, an increase of 16.0% over 2017 confirming the dynamism of this market. Chinese and Japanese demand, which had been strongly impacted by the terrorist attacks, also increased significantly in 2017 (respectively + 19% and + 22%) and in 2018 (respectively + 5.8% and 18%).

Ile-de-France and Provence-Alpes-Côte d'Azur regions, which account for more than 40% of hotel stays in metropolitan France and attract most foreign tourists, recorded a sharp increase in overnight stays of respectively 10.6% and 4.8% in 2017 after a fall of 7.2% and 1.7% in 2016 due to the attacks in Paris and Nice. This growth continued in 2018 in Ile-de-France (+ 5.5%) while demand remained stable in PACA (+ 0.5%).

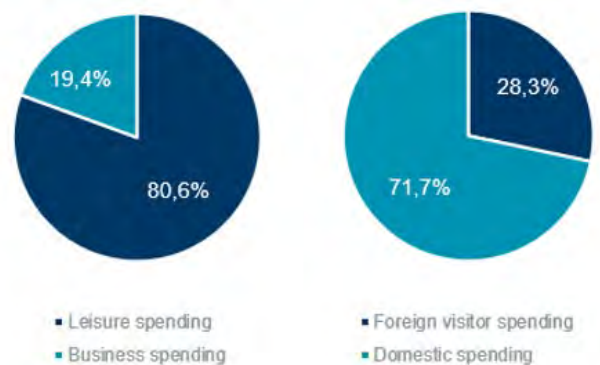
Figure 1
Change in hotel overnight stays* – Metropolitan France



Source: INSEE

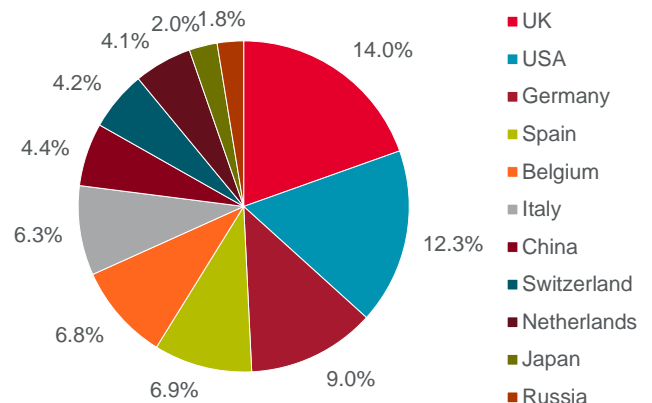
* hotel overnights (base index 100 in 2011)

Figure 2
Travel and tourism spending in 2018



Source: WTTC

Figure 3
Nationality mix by foreign overnights - 2018



Source: INSEE

In addition, France is a major business destination. Indeed, circa 100 million overnight stays have been recorded for business tourism in 2017, representing almost half of all overnight stays. With more than 16 million overnights, Paris remains the first destination for this segment. The departments of Rhône and Bouches-du-Rhône are also strong destinations for business tourism with respectively more than 3.5 and 3.0 million overnight stays thanks to the economic dynamism of Lyon and Marseille.

Finally, France has organized the FIFA Women's World Cup and will host the 2023 Rugby World Cup. In addition, Paris will welcome the 2024 Olympic Games. These worldwide events should boost tourism demand and increase the destination awareness.

Figure 4
Hotel demand by regions in 2018

Regions	Overnights (in million)	Change 18/17	Foreign overnights (%)
Ile-de-France	71,8	5,5%	58,6%
Auvergne-Rhône-Alpes	23,9	0,7%	26,8%
PACA	23	0,7%	40,0%
Occitanie	16,4	0,7%	26,8%
Nouvelle-Aquitaine	16,1	-0,8%	18,6%
Grand Est	14,4	0,7%	35,4%
Hauts-de-France	9,2	1,9%	27,2%
Bretagne	8	0,7%	16,3%
Normandie	8,1	2,9%	24,7%
Bourgogne-Franche-Comté	7,2	-0,9%	29,2%
Pays de la Loire	7,5	5,6%	12,0%
Centre-Val de Loire	6,1	2,3%	23,0%
Corse	3,3	0,0%	27,3%
Metropolitan France	214,8	2,4%	37,9%

Source: INSEE

Hotel supply

According to INSEE, there are 17,720 hotels and 642,779 hotel rooms in metropolitan France as of January 1st, 2019. The number of hotels slightly decreased compared to 2018 (-0.7%) while the number of rooms remained stable (+0.2%). With 230,000 rooms, Ile-de-France and the PACA regions account for 35% of French room inventory. The supply is well balanced between independent hotels (56%) and corporate chains (44%) in terms of rooms. Nevertheless, chain hotels, with an average capacity of 82 rooms, represent about 18% of the total number of French hotels and are mainly located in Ile-de-France and in the main regional cities. Conversely, independent hotels, with an average of 26 rooms, are mainly located in rural areas and small towns.

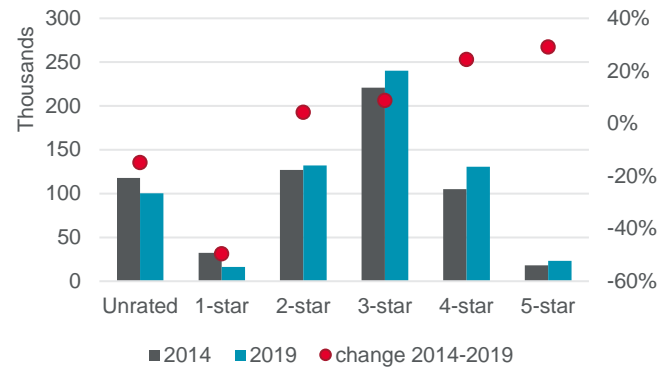
Between 2014 and 2019, the number of hotel rooms (classified and unrated) increased by 0.7% per year (CAGR). This stabilisation of growth shows the maturity of the French market. Since 2014, the high-end segment has recorded the largest increase in room volume: +24.4% for the 4-star and +29.1% for the 5-star. Only 1-star and unrated hotels experienced a decrease in volume of rooms (respectively -49.5% and -14.8%) due to the closing of small independent budget hotels in rural areas and small towns. In addition, the decline in supply in the 1-star category was accentuated in 2018 (-28.4%) due to the sale of 62 HotelsF1 (approx. 4,500 rooms) from AccorHotels to SNI to convert them into centres for asylum seekers and people in a precarious social situation. Moreover, several formerly 1-star hotels have decided not to renew their classification because of the investments necessary to meet the classification's criteria. Overall, the hotel supply is dominated by the 3-star category with a 37.4% share, followed by the 2-star with 20.6% and the 4-star with 20.3%.

Furthermore, the growth of platforms such as "AirBnB" have recently led to the renewal of the hotel stock, particularly in urban city-centres with the creation of new, modern and often "lifestyle" hotel concepts such as Okko, Mama Shelter, or CitizenM. The budget accommodation is also experiencing some changes with the emergence of hostels like Generator and the entry on the market of European players such as Meininger or Motel One.

The growth of the hotel supply is not homogeneous. Ile-de-France and the major regional cities, which account respectively for 25% and 22% of the metropolitan offer, continue to record an increase in hotel offerings of around 1.0% per year, supported by growing demand. Agglomerations with less than 200,000 inhabitants and coastal resorts, which account for respectively 22% and 11% of supply, have experienced a relative stagnation of their hotels for several years. In seaside resorts, the pressure on land favours the conversion of hotels into housing while land taxes and seasonality make it difficult to complete new hotel projects. Conversely, the rest of metropolitan France (rural and semi-rural areas as well as ski resorts), has a negative balance with a loss of about 1.0% per year since 2011. In details, the demand continues to fall causing the closure of independent hotels of low capacity in rural areas while hotels are usually replaced by tourist residences and second homes in ski resorts. In terms of pipeline, 450 hotel projects representing an additional 43,000 rooms are expected in the next five years in

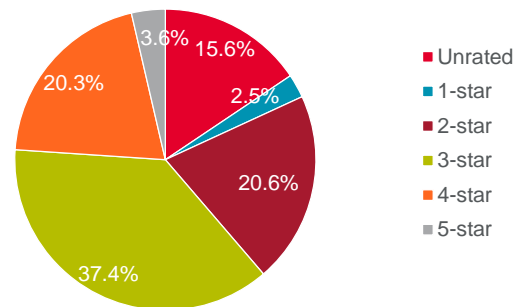
metropolitan France, 75% of which are planned in Ile-de-France and in main regional cities according to In Extensio.

Figure 5
Change in hotel supply (in number of rooms) – 2014 versus 2019



Source: INSEE

Figure 6
Hotel category by number of rooms in 2018



Source: INSEE

Figure 7
City ranking in terms of room supply in 2018

Rank	Destinations	by Rooms
1	Paris	82 444
2	Lourdes	10 422
3	Nice	9 377
4	Lyon	7 492
5	Marseille	7 183
6	Cannes	5 710
7	Toulouse	5 525
8	Bordeaux	5 035
9	Roissy-en-France	5 001
10	Strasbourg	4 934

Source: INSEE

Figure 8
Hotel operators by size in 2018

Rank	Chain Groups	Domestic or International	Hotels	Rooms
1	AccorHotels	International	1,713	153,180
2	Louvre Hotels Group	International	851	56,248
3	B&B Hôtels	International	275	21,391
4	Best Western Hotels	International	282	15,142

Source: Horwath HTL

Hotel trading performance

The French hospitality market was heavily impacted by the terrorist attacks that occurred in 2015 and 2016. Consequently, occupancy rate and average daily rate (ADR) respectively declined, especially in Paris and on the French Riviera. However, the return of foreign travellers since December 2016, coupled with an odd year favourable to congresses and France economic recovery generated an increase in Revenue per Available Room (RevPAR) in all hotel categories in 2017. This recovery was confirmed in 2018 with the exception of low budget hotel in the French Riviera.

More specifically, hoteliers experienced a limited increase in occupancy of around 1.0% across all categories compared to 2017, led by the mid-range segment and the upscale segment with respectively 2.6% and 2.0% according to data from In Extenso. Nevertheless, the average occupancy increased by 4.0% compared to 2014. Inversely, ADRs, after a relatively stable year for all categories in 2017 (+0.2%), increased by 4.9% thanks to the recovery of the Paris and Côte d'Azur market (+9.2% and +3.7% respectively). It should be noted that all segments registered an increase in ADRs between +3.7% and +5.9% in 2018. As a result, all categories recorded a RevPAR increase between 4.4% and 7.5%.

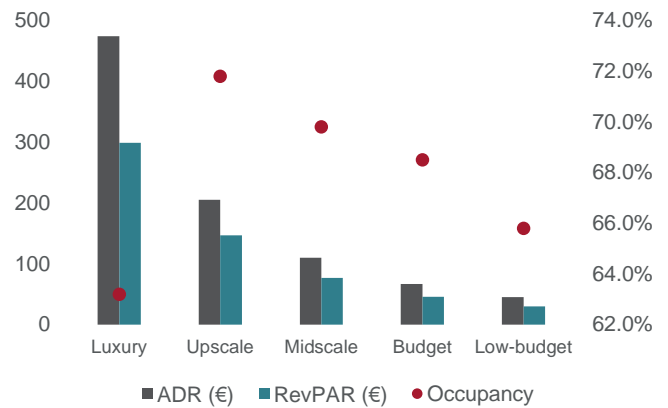
In the regions, key regional cities have mainly experienced a growth in performances between 2014 and 2018. RevPAR has increased by more than 2.0% in 2018 and by around 11.9% compared to 2014. This increase is mainly driven by the RevPAR of upscale hotels (+2.3%) and luxury (+2.8%). The cities of Rennes and Nantes recorded exceptional growth of their RevPAR in 2018 (respectively + 9.0% and + 8.0%). Both cities benefited from an increase in foreign overnight stays and Rennes took advantage of the opening of its Jacobins congress centre. After a record year 2017 due to the attractiveness of the city and the commissioning of the LGV line, Bordeaux experienced a slowdown of its RevPAR growth in 2018.

At the same time, the Parisian hotel industry recorded a 2.2% increase in its occupancy compared to last year and a sharp rise of its ADR to 9.2%. This recovery was supported by the return of foreign customers and business tourism. Nevertheless, RevPAR in the capital city remains below the levels reached in 2014, particularly in the upscale segment (-2.2%) and in the luxury segment (-11.3%). The luxury hotel sector is facing increased competition due to the recent openings or reopenings after extensive renovations.

YTD October 2019 figures show increase in RevPARs across all segments in France thanks to ADRs increases, except in luxury segment. The average occupancy is stable in all categories except in Luxury segment (-0.6pts).

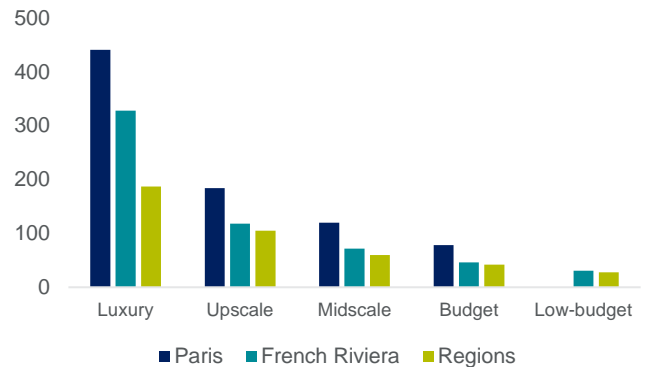
Overall, RevPARs are increasing in all geographical areas except in Ile-de-France, Hauts-de-France and Centr-Val-de-Loire (respectively 0.2%, 0.0% and 0.6%).

Figure 9
France – KPIs by hotel category in 2018
(ADR and RevPAR in €, occupancy rate in %)



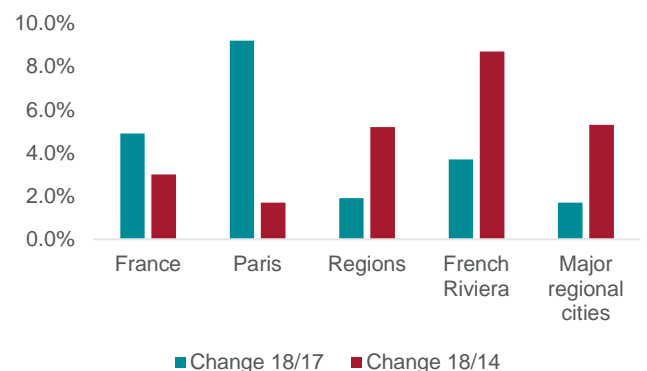
Source: In Extenso

Figure 10
France – RevPAR in 2018 by hotel category and area
(RevPAR in €)



Source: In Extenso

Figure 11
France – RevPAR change in 2018 compared to 2017 and 2014 by area



Source: In Extenso

Investment

Despite strong investor interest, the French market has recorded a lower volume of hotel transactions in 2017 with circa €1.45 billion transacted due to the scarcity of available products, especially large or iconic single assets (versus €2.2 billion in 2016). Hotel owners on the French Riviera and in Paris have decided to hold their assets until P&Ls fully recover. In terms of portfolio transactions, the acquisition of the French REIT Eurosic by Gecina, another major French REIT, included 205 real estate properties mainly located in Paris area, of which 7 were hotels. The estimated value of these hotel is above €200 m. Part of this large merger, the fund Eurosic Lagunes was acquired by Batipart and included 7 hospitality assets (2 Club Med resorts, 2 Center Parcs, 1 Pierre et Vacances, 1 Chateauform property, and a leisure residence in the Alps). In addition, a portfolio of 45 budget and midscale hotels (Simply Hotels) for a total of €88.5 million was bought by the private equity fund Mata Capital and a small portfolio of 8 budget hotels (Roi Soleil) in Eastern France for €30.5 m. It should also be noted that AccorHotels sold 62 HotelsF1 (approximately 4,500 rooms) to SNI to turn them into centres for asylum seekers and people in a precarious social situation. In terms of single asset, several forward sales were recorded in the Paris area including the future MGallery in the Tour Duo in Paris acquired by Natixis, the Ibis Paul Bourget by BNP Leasing, and two B&B Hotels in Bagnolet and Gennevilliers respectively bought by FDR and Ciloger. In Nice, Keys acquired the future mix use Neo that will circa 3,700 sq m of hotels while HPVA acquired the future Unity hotels (a 4-star Crowne Plaza of 129 rooms and a 3-star Holiday Inn Express of 131 rooms). Finally, various small Parisian and regional hotels were also transacted.

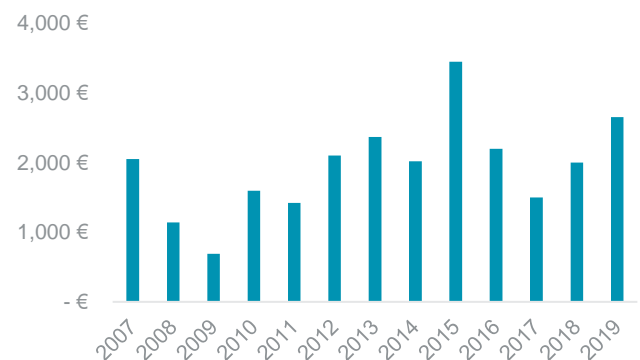
The volume of investments in 2018 reached approximately 2 billion euros, a level slightly lower than 2016 and much higher than that of 2017. This level of transaction was supported by the finalization of the sale of the Westin Paris Vendôme (former Grand Hôtel InterContinental de Paris) acquired for approximately € 550 million by Henderson Park. In addition, several "premium" hotels such as the Lancaster hotel and the Maison Astor Paris hotel have been sold for more than € 50 million. In addition, 3 small portfolio transactions have been recorded in 2018: Alboran and Trocadero Capital Partners acquired the Escalotel group (12 properties throughout France), SomnOO management and 123 IM bought a portfolio of 3 Ibis in North of France while Vacances Bleues acquired from Humanis a portfolio of 4 hotels for €15.0 m. In the Paris area, three forward sales were recorded with the Motel One Paris Porte Dorée, the future Hyatt Combo at Paris CDG airport and the So Sofitel Paris (i.e. Morland) while CitizenM acquired a building close to Champs-Élysées to be converted into a hotel. In addition, Schrodgers (formerly Algonquin) acquired two hotels in Paris: the Eiffel Blomet and the Forest Hill Paris la Villette.

It should be noted, however, that this level does not consider the sale of approximately half of the AccorInvest portfolio to institutional investors and the Maranatha portfolio. The portfolio of AccorInvest, valued at approximately 6.6 billion euros, includes many hotels in France and represents one of the largest hotel sales in the world in the last decade. In addition, the owner-operator of hotels, Maranatha, which has about 60 hotels, is under the process of being taken over by Colony Capital and its partner AccorHotels following its receivership.

In 2019, institutional investors have been active on the hotel market confirming their appetite for this asset class. The total

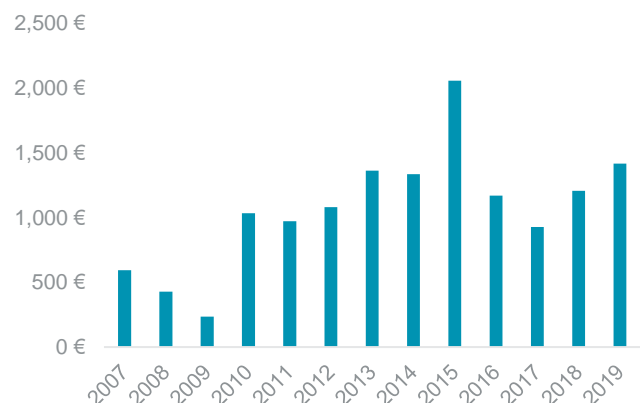
investment volume is estimated at more than 2.6 billion euros, the highest level in the past three years, due to many transactions of hotel portfolios and single assets. In terms of portfolio, Covivio sold to Primonial a first portfolio of 59 B&B hotels for an investment volume of € 272 million and a rate of return of 5.04%, and a second portfolio of 30 B&B hotels for a total price of € 113 million. Angelo has also acquired from Gecina its 5 remaining hotel assets in Paris and its surroundings for € 181 million. Covivio acquired a 32% stake in a hotel portfolio of 32 hotels (30 in France and 2 in Belgium) owned by AXA REIM for € 176 million and one NH Hotel in Nice part of pan-European hotel portfolio (8 properties). Ferré Hotels has acquired from LFPI, the Alliance Hospitality Portfolio (12 hotels and 1,911 rooms) for a rumoured price of circa € 200 million while Schrodgers acquired 3 hotels (1,183 rooms) next to Disneyland Paris for a reported price of € 240 million. Finally, KSL acquired a portfolio of 5 upscale and upper-upscale hotels (4 in the French Alps and 1 on the French Riviera) for an undisclosed price. In terms of single asset, few properties have been transacted in Paris (Marriott Paris Rive Gauche, Novotel Paris Vaugirard, Ibis Tour Montparnasse, Holiday Inn Express la Villette), in la Défense (the Litwin Tower- future Mama Shelter, Okko la Défense) or in the regions (Student Hotel Toulouse, Aloft NoLiStra Strasbourg, Mercure Metz, Château de la Messardière, Club Med la Plagne and Club Med les Arcs).

Figure 12
Hotel investment volumes in France €m



Source: Real Capital Analytics, Cushman & Wakefield

Figure 13
Hotel investment volumes in Paris area €m



Source: Real Capital Analytics

Greater Paris

Tourism sector

- **Greater Paris**

Paris and its surrounding are by far the most popular French destination for international tourists. The French capital hosts many leisure and business demand generators such as the Louvre Museum, the Eiffel Tower or the Parc des Expositions while some suburbs include some tourist attractions such as the Château de Versailles or Disneyland Paris.

The area's hotel industry benefits from its great exposure to international demand over the long-term, but also stands to suffer more than any other domestic markets when negative events occur, such as the terrorist attacks in January and November 2015. In addition, the hotel market is also supported by large influx of business travellers. In 2018, Paris is ranked 1st among destinations for MICE with 212 congresses and 126,243 participants corresponding ICCA criteria.

With a total of 44.0 million overnights in 2016, overnight stays in the Greater Paris area declined by 8.2% compared to 2015. This trend is more noticeable with foreign guests (-11.5% compared to 2015) than with domestic guests (-3.3%). This decrease is mainly due to the security environment that France dealt with the past few years but also to geopolitical events (Russian crisis). During that period, overnights from Japanese, Italian and Russian decreased by 39.9%, 29.7% and 29.1%.

The strong recovery in tourism in 2017 was confirmed in 2018 and exceeded forecasts with 52.6 million overnights in Greater Paris (+6.4% compared to 2017) supported by the return of foreign travellers (+10.7%). Indeed, Greater Paris has registered a growth from all foreign markets, and especially from US (+16.1%), Italian (+26.0%), Spanish (+16.2%), and Japanese (+17.3%) visitors.

- **Paris**

Paris overnight stays represented 72% of Greater Paris overnight stays in 2018 with 37.8 million, an increase of +6.4% compared to 2017. Paris's tourism data is positive thanks to the return of international markets. Indeed, foreign arrivals increased by +10.2% compared to 2017, accounting for 60.9% of total arrivals in Paris.

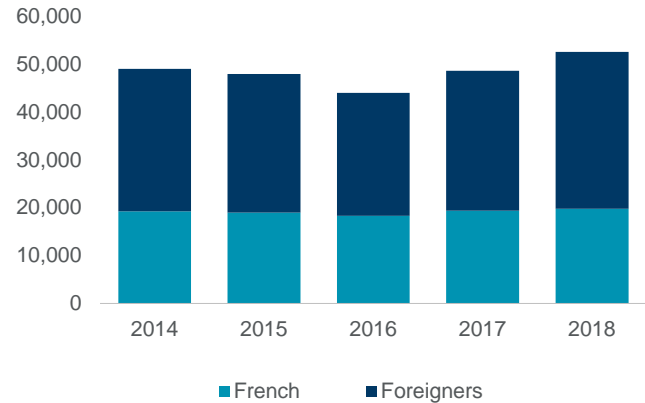
- **Airports**

In 2018, Paris airports (Orly, Paris-Charles de Gaulle et Paris-Beauvais) accommodated 109.1 million passengers, representing a 3.8% increase compared to 2017. Paris-Charles de Gaulle airport is the first French airport with 72.2 million passengers in 2018, followed by Orly airport with 33.1 million passengers.

The CDG Express project should connect Paris-Gare de l'Est to Paris-Charles de Gaulle airport in 20 minutes (against 40 minutes today with the RER B), but the project has been postponed by the government to 2025.

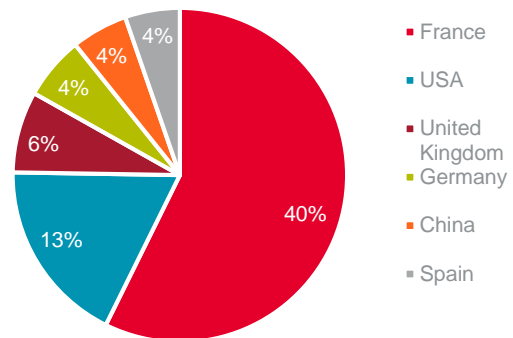
Located just 10 minutes away from Paris, Paris-Orly airport is easily accessible (Orlyval-RER B, RER C, Tramway T7, buses, and motorway). The modernisation of the Orly airport includes new transport access with the Grand Paris Express project (metro 14 and 18) and a new structure connecting Terminal West and South.

Figure 14
International and French visitors in the Greater Paris area, thousands of overnight stays



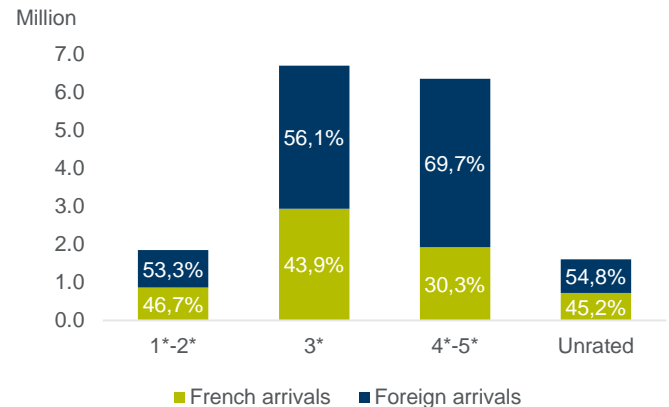
Source: Greater Paris Tourism Observatory

Figure 15
Overnight stays by country in Greater Paris in 2018



Source: Greater Paris Tourism Observatory

Figure 16
Hotel arrivals by category in inner Paris in 2018



Source: Greater Paris Tourism Observatory

Finally, the French government's plan is to increase visitor volume by 2% each year to reach 100 million foreign visitors by 2020 thanks to its 2017-2022 tourism development strategy.

Hotel supply

• Greater Paris

Despite the terrorist attacks of 2015, hotel supply in Greater Paris continued to grow between 2015 and 2018. It registered a growth of 2.2% of its room stock in 2018 thanks to the opening of 23 hotels representing 2,317 rooms. Overall, 121,677 rooms were registered spread over 2,053 hotels in Greater Paris.

In 2017, the most eye-catching openings were the MOB Hotel Saint-Ouen (100 rooms) and the CitizenM La Défense (175 rooms). More recently, an Ibis Budget (88 rooms) opened in Clichy in 2018 followed by a Hampton by Hilton (3-star, 156 rooms), a 3-star Ibis (84 rooms) in La defense, a MOB House hotel (100 rooms) in Saint-Ouen and a 4-star Hilton Garden Inn in Massy (152 rooms).

In terms of pipeline, the following hotels are expected to open in 2020 : a Mama Shelter in Puteaux (211 rooms, quartier Bellini La Defense), a 4-star Courtyard by Marriott (112 rooms) and a 3-star B&B (91 rooms) are expected to be developed respectively in Créteil as well as a 4-star Best Western (117 rooms) in Asnières, a 4-star Novotel (160 keys) in Villejuif and a 3-star Ibis Styles (120 rooms) in Romainville (Paddock Paris outlet). Another hotel (4-star of 112 rooms) is also expected to enter the market in Saint Ouen in 2022.

Finally, large hotel projects are also announced around Paris. The Tours Mercuriales in Bagnolet should be converted to a Sheraton hotel (570 rooms) and a Moxy hotel (272 rooms) in 2024 while the Tour Saint Denis Pleyel located north of Paris, not far from the Stade de France, should also be transformed in 2023 into a congress hotel of 700 keys by H-Hotel Group. In La Défense, 4 hotels with about 1,500 rooms are expected in the coming years: aparthotel Staycity (216 keys) in 2021, Tour des Jardins de l'Arche (730 rooms) in 2022, Tours Sisters (Radisson Blu and aparthotel of 350 rooms) and Hermitage towers (5-star hotel of 250 rooms) expected in 2024-2025.

• Paris

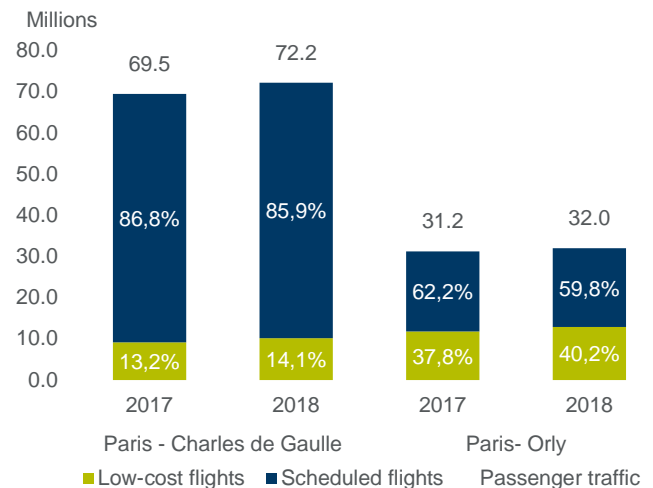
In 2018, Paris counted around 1,675 hotels (more than 87,100 rooms) representing 71.5% of Greater Paris hotel room stock. It registered a growth of 2.7% of its room stock. Hotel supply in Paris is dominated by the 3, 4 and 5-star hotels which represent circa 70% of the hotel supply (compared to 43% in France) whereas 1 and 2-star hotels represent 17.5% of the supply (compared to 32.1 % in France).

In 2017 and 2018, innovative hotel concepts opened such as the Hoxton (172 rooms), the Yooma (106 rooms), and the CitizenM Gare de Lyon (338 rooms), the Motel One (255 rooms), the Courtyard Hotel Gare de Lyon (249 rooms) or the Hôtel Fauchon (54 rooms).

In 2019, the 25hours Hotel – Gare du Nord (236 rooms) opened in January, the Meininger Paris (249 keys), the 3-star Ibis Style Porte d'Italie (185 keys), the 4-star Okko Gare de l'Est (171 keys) and a 5-star hotel part of Autograph Collection (50 rooms).

Figure 17

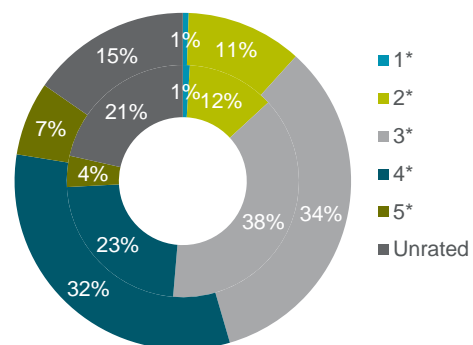
Airport traffic on scheduled flights and low-cost flights in 2018



Source: Greater Paris Tourism Observatory

Figure 18

Accommodation supply by category in the Greater Paris area in 2018



*Inner ring: properties as units

*Outer ring: rooms as units

Source: Greater Paris Tourism Observatory

The Parc des expositions area should also experience an increase in supply with the opening of a Mama Shelter (205 rooms) and a Courtyard by Marriott Paris Porte de Versailles (350 rooms) in 2019, followed by a Novotel (235 rooms) in 2020 and a hotel of 120 rooms in the Tour Triangle in 2024.

The current pipeline in Paris is strong, mainly in the upscale and luxury segments. The 4-star Pullman Paris Montparnasse with 957 rooms is expected to reopen at the end of the year.

In 2020 some hotels will open such as, the 4-star Okko Gare Montparnasse (146 keys) and the 3-star MOB hotel Paris gare de l'Est.

Other hotels openings are expected in the upscale segment with the Hilton Paris Eiffel Tower (118 rooms), MGallery by Sofitel Tour Duo (139 keys) and the CitizenM Mille Arbres (250 keys) in 2020 as well as the 4-star Hilton La Villette (92 rooms) in 2021. In the luxury segment, Kimpton Paris (149 rooms), Le Cheval Blanc Samaritaine (72 rooms), Bulgari (76 keys) are expected to open by 2020 followed by two So Sofitel in 2021 – Champs Elysées (150 rooms) and Morland (160 rooms).

It should also be noted that the InterContinental Paris - Le Grand will benefit from a full refurbishment from 2019 until 2021 without fully closing.

- **Airports**

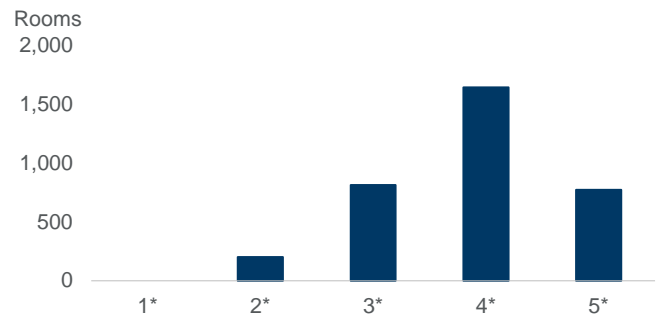
The local hotel market in Paris-Charles de Gaulle has increased significantly over the past 4 years, with an additional c. 1,000 rooms. In terms of opening, an Ibis Styles hotel (308 rooms) and a Pullman (305 rooms) opened in 2015, followed by the innovative hotel concept Yotel and a Penta Hotel (186 rooms) in 2016. In 2018, two hotels have opened at the airport platform: the Courtyard by Marriott with 240 rooms (formerly operated as a Radisson Blu) reopened after being fully renovated and the Holiday Inn Express (305 rooms) next to the Mercure Convention CDG. The Roissy area now consists of 5,780 rooms.

Moreover, supply is expected to increase with c. 1,700 keys in the next 4 years (+29.7%). In 2019, an Ininside by Melia (267 rooms) and a Moxy (292 rooms) have opened in the Roissypôle Ouest area. In 2020, a Hilton Garden Inn (4-star, 150 rooms), a combo Hyatt House & Place combo (430 rooms in 3 and 4-star) should open on the outskirts of Roissy, followed by a Holiday Inn (4-star of 250 rooms) on the Allée du Verger in 2021. In addition, a Courtyard and a Residence Inn (333 rooms in total) are planned in 2022 in Roissypôle Ouest. Finally, ITC project (congress facilities with hotels) in Roissy and EuropaCity project (leisure and retail development) in the south of Roissy could significantly increase the hotel supply and impact the performance of hotels in Roissy, but they are still speculative.

In Orly airport area, the Mercure has been completely renovated and an Ibis Styles opened in 2019 nearby. A Holiday Inn Express project (307 rooms) is also planned in 2021 at Chevilly-Larue, near Orly airport. In 2023 a Moxy Hotel and a Sheraton Hotel will open near the airport, with respectively 470 rooms and 200 rooms. With these hotels, accommodation capacity at Orly airport will be around 2,000 rooms.

Figure 19

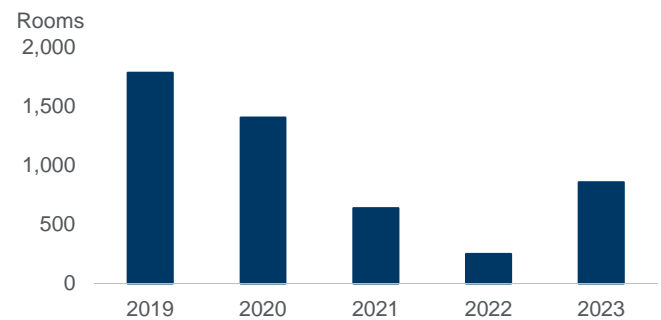
Hotel pipeline by category in Paris – 2019 and 2023



Source: Greater Paris Tourism Observatory

Figure 20

Hotel pipeline by year between 2019 and 2023



Source: Greater Paris Tourism Observatory

Hotel trading performance

With the rebound of overnights, occupancy rate in Greater Paris increased by +3.1pts in 2018 compared to 2017 reaching 74.8% while the ADR increased by +6.5% to €74.6. Consequently, the RevPAR increased by 11.1% to €55.8.

Similarly, the occupancy rate in Paris (81.3% in 2018) shows an increase of 2.5pts compared to 2017 while the ADR has increased by 8.5% (€162.9), leading to a 11.9% growth in RevPAR (€132.4). These positive trends were mainly due to the recovery in international arrivals and the strong demand from business travellers (corporate and MICE). It should be noted that Parisian hospitality faces the competition of alternative accommodation sources, led by Airbnb that offers over 85,000 rooms/apartments on its platform as of today.

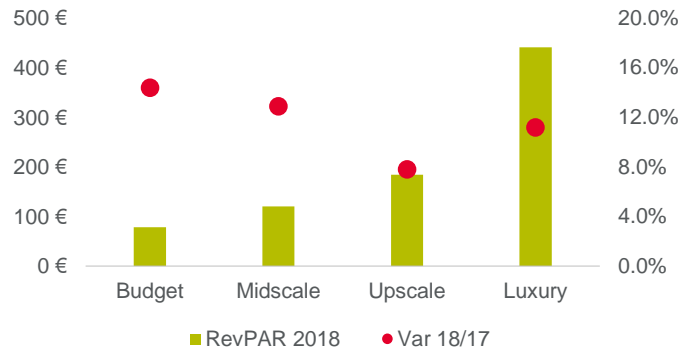
However, YTD November 2019 figures showed a decrease of occupancy rate in both Greater Paris (-1.7pts) and Paris (-0.9pt). Consequently, the RevPAR decreased in Greater Paris (-1.0%) and was stable in Paris (+0.3%). This decrease tends to demonstrate the impact of strikes and the yellow vests crisis on the hotel sector, especially for luxury assets.

Airports

Hotels in Parisian airports registered good performances in 2018. RevPAR for CDG and Orly airports hotels increased by +11.8% and +23.2% respectively. However, YTD November 2019 figures show a decrease in RevPAR of -4.0% for CDG and -2.5% for Orly. The drop in Roissy can be explained by recent hotel openings, French strikes and a slight decline in the number of salons held in Villepinte in 2019 compared to 2018.

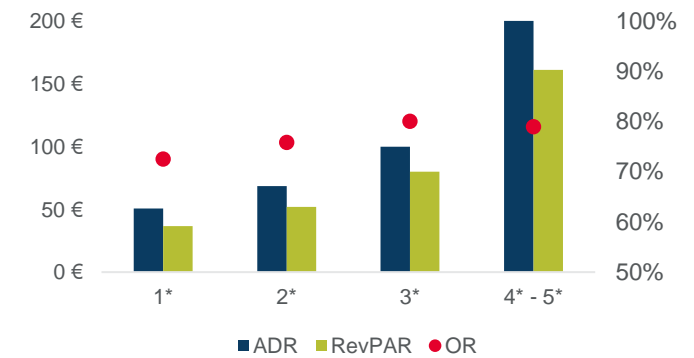
In the future, we expect hotels in Orly and Roissy to register mixed performances depending on their locations. Hotels located close to the terminals should continue to perform well while others will have issues to attract airport clients. Hotels in the Allée du Verger or close to the Villepinte congress will fight more for congress guests.

Figure 21
RevPAR by category in 2018 in Paris and evolution compared to 2017



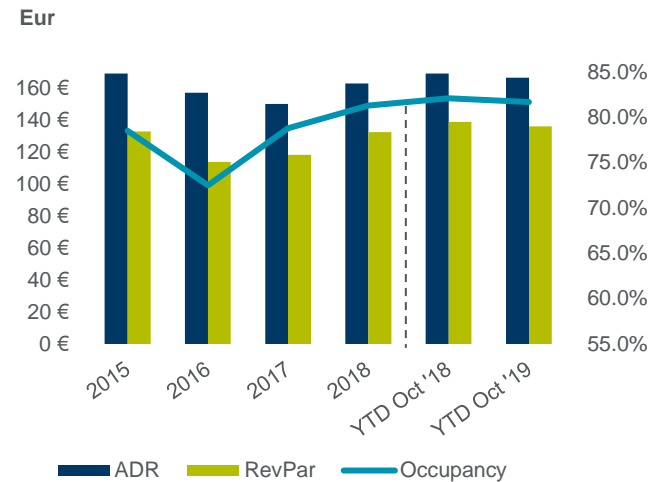
Source: Greater Paris Tourism Observatory

Figure 22
KPIs for trading performance by category in Greater Paris in 2018



Source: Greater Paris Tourism Observatory

Figure 23
Paris - KPIs for trading performance (ADR and RevPAR in €, occupancy rate in %)



Source: STR

French Riviera (excluding Monaco)

French Riviera is a major tourist attraction enjoying a warm climate, a diversity of landscapes (between mountain and sea) and a great historical heritage. Large annual events are organized in the region such as the Festival de Cannes and the MIPIM in Cannes. Nice also hosts large medical congresses.

The French Riviera tourism market was relatively stable from 2012 to 2015, with 8.8 m overnights in 2015. The terrorist attack that hit Nice in July 2016 heavily impacted the demand. Consequently, overnights decreased in 2016 due to a drop in foreign visitors' overnights. However, the level of overnights over 2017 shows a 6.0% increase reaching 9.0 million, thanks to the return of the international clientele (+9%). 2018 figures confirmed the recovery with 11 million visitors and over 22.9 million overnights, including 9.9 million hotel overnights (+10%).

Nice-Côte d'Azur Airport is the second busiest airport in France with 13.85 million passengers in 2018 (+4.1% compared to 2017). Visitors staying in the Great Côte d'Azur represent 53% of the total traffic, but cars are the first means of transport with 55%.

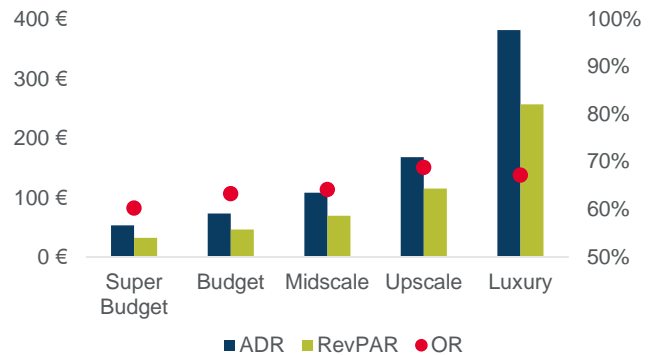
The Alpes-Maritimes department totalled around 26,400 rooms in January 2019. In 2018, room supply is dominated by the upscale segments, with half of the French Riviera room supply being in the 4 and 5-star categories (respectively 37% and 13%), compared to 23.9% in France. French Riviera luxury supply has been undergoing renovations in the past few years. Many hotels were refurbished such as the Majestic and the Grey d'Albion, the Martinez (2018), or are expected to be refurbished JW Marriott Cannes (2020), the Plaza Hotel in Nice (2020), the 5-star Vista Palace Hotel in Roquebrune (2020), and the InterContinental Cannes (2019-2021).

In Nice, a Crowne Plaza (130 rooms) and a 3-star Holiday Inn Express (130 rooms) opened in 2019. The current pipeline in Nice and its area is strong (over 900 rooms in Nice city centre and its surroundings (Grands Arénas – Eco Vallée), with the expected opening of many upscale hotels between 2020 and 2021, (4- and 5-star) including a Hilton Garden Inn Hotel (120 rooms), a Maison Albar Hotel (140 rooms, replacing the Boscolo Hotel), the Hotel Comté de Nice (91 rooms), an independent luxury hotel in a former Convent (Perseus Group, 85 rooms), an Okko Hotel (150 rooms), a Moxy Hotel, a B&B Hotel a Sheraton (over 230 rooms), and the Plaza Hotel (160 rooms) will re-opening in summer 2020.

The French Riviera hospitality market was performing well until the July 2016 terrorist attacks. Occupancy rate and ADR respectively declined by 2.4 points and 0.9% in 2016, leading to a RevPAR decrease of 4.6%.

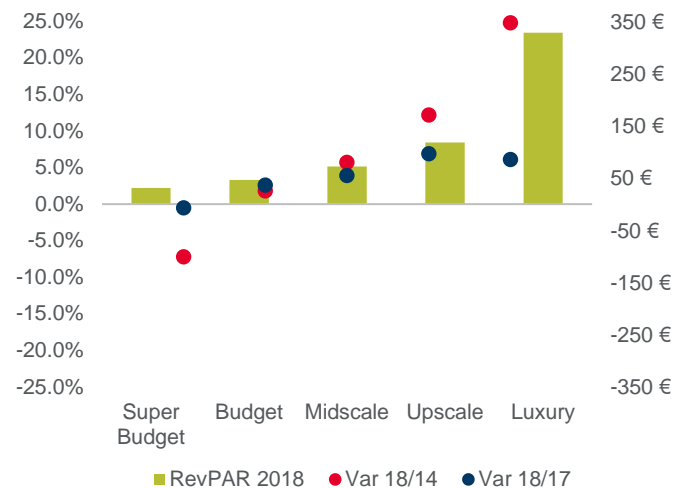
After a start of recovery in 2017, 2018 figures confirmed the improvement, with a RevPAR growth of 3.9% compared to 2017, supported by a 3.1% increase of ADR and a slight increase of occupancy rate (+0.5pts). YTD November 2019 confirms the positive trend, showing a 3.2% increase in RevPAR, thanks to both occupancy rate and ADR. In the future, the large hotel pipeline outside of Nice could impact negatively performances of hotels located in secondary locations, not refurbished or not well positioned, and limit the growth of performances for the other hotels.

Figure 24
KPIs for trading performance in the French Riviera in 2018



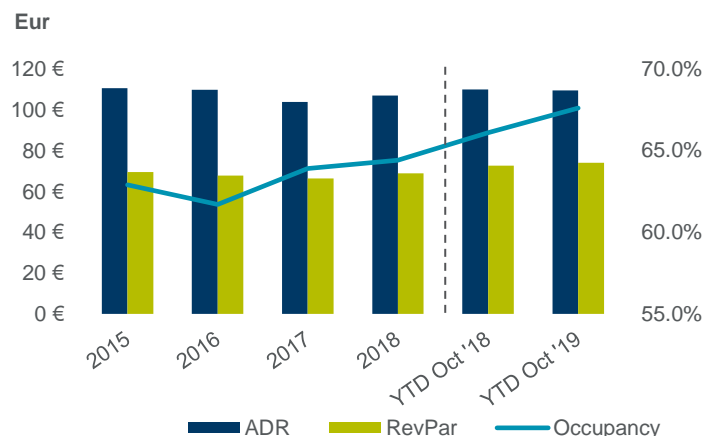
Source: French Riviera Tourism Observatory

Figure 25
RevPAR by category in the French Riviera 2018 and evolution compared to 2017 and 2014



Source: In Extenso

Figure 26
KPIs for trading performance in Provence Alpes Côte d'Azur from 2015 to 2018



Source: MKG

Lyon

In 2018 the city has recorded more than 5 million overnights, increasing by 2% compared to 2017. Lyon attracts worldwide visitors and especially Europeans, but domestic visitors still represent 75% of the global clientele in 2018 (77% in 2015). This can be partly explained by the threat of insecurity. In 2019, international arrivals volume should increase, benefiting from new air routes. Foreign tourists are mostly German, English, American and Swiss. The balance between business and leisure visitors remains stable (respectively 64% and 36%) thanks to congress and fair activities. Lyon is also becoming a city-break destination – fact which is corroborated with the increasing weekend occupancy rate.

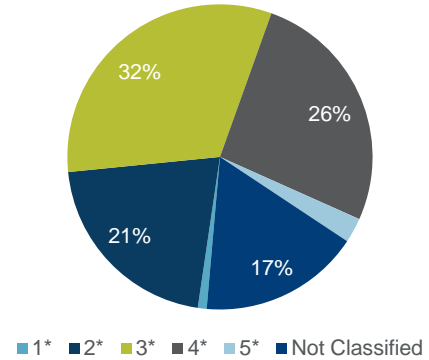
In 2018, the hotel capacity of Lyon metropole slightly increased by 2.84%, representing 428 new rooms. At the end of 2018, the Lyon Metropole hotel market counted 14,864 rooms spread over 232 hotels. Classified establishments account for 71% of hotel supply and 83% of the room supply. The hotel supply of the conurbation is dominated by 3-star hotels with 32% of rooms available. The least represented categories are the 1-star and 5-star categories, respectively 0.9% and 2.6% of room supply.

Regarding the economic and midscale segments, B&B currently holds 915 rooms spread over 10 properties in the Greater Lyon and has opened a new one in 2018: B&B Lyon 7^{ème} (100 rooms). In addition, AccorHotels has opened an Ibis Carré de Soie (100 rooms) and Group Cardinal its new Mob Hotel (100 rooms) in La Confluence district recently.

Upscale segment has increased since 2017, the Radisson Blu hotel (245 rooms) within the Part-Dieu Tower reopened in Q3 2016 after 3 years of closure and a €40.0 m-investment (not counted as an opening) and a 5-star hotel, Villa Maïa, opened in March 2017. Moreover, a 4-star hotel on the “Bât d’Argent” opened in June 2018 (45 rooms) and the refurbishment of the Hôtel-Dieu located on Lyon’s peninsula encompasses a 5-star hotel with 144 rooms operated under the InterContinental brand, which has opened in June 2019. In addition, a Meininger hotel of 169 rooms (590 beds) opened in December 2019 in the 7th district. Finally, a 4-star hotel (10,500 sq m) is planned in 2022 in the To-Lyon tower at the high-speed train station Lyon Part-Dieu.

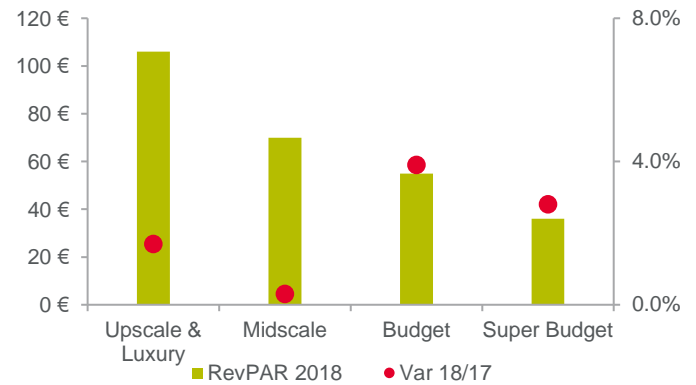
Lyon’s tourism industry recorded positive results in 2018. RevPAR reached €59.1 supported by a 69.5% occupancy rate and €85.0 ADR. Confirming the positive trend of 2018, the Greater Lyon registered, between January and November 2019, an increase in RevPAR of 8.4% reaching €64.2, compared to YTD November 2018. It is mainly supported by a 5.4% increase in ADR and a slight 2.0pts increase in occupancy rate. However, it should be noted that 2019 results are boosted by the Sirha show, which took place in January (event on odd years).

Figure 27
Hotel capacity in the Greater Lyon area in 2018



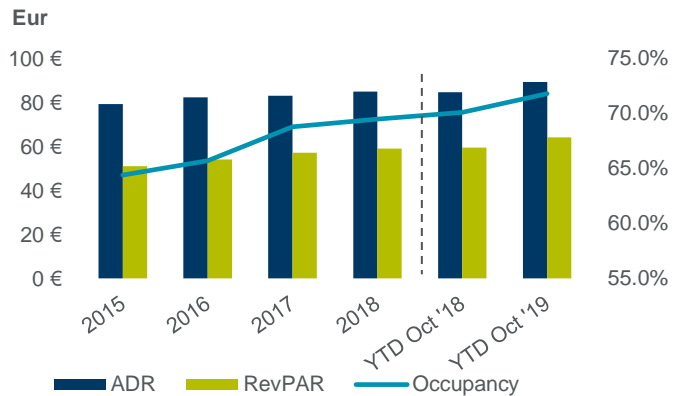
Source: Chamber of Commerce of the Greater Lyon area

Figure 28
RevPAR by category in 2018 in Lyon and evolution compared to 2017



Source: In Extenso

Figure 29
KPIs for trading performance in the Greater Lyon (ADR and RevPAR in €, occupancy rate in %)



Source: MKG

Marseille

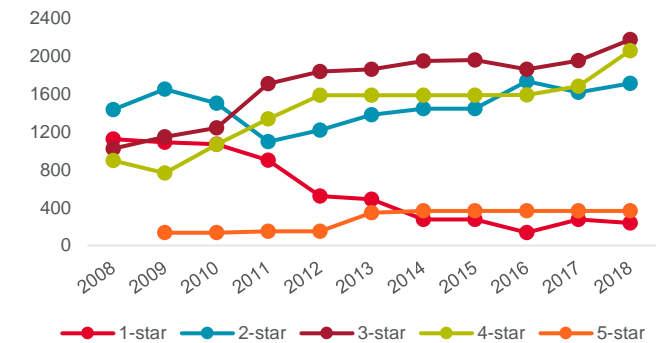
Marseille, the capital of the Provence-Alpes-Côte d'Azur region, is a dynamic city benefiting from a rich cultural and historical heritage, which includes many museums, the UNESCO World Heritage Port of Marseille and various protected areas nearby such as the Calanques National Park. Its nomination as the European Capital of Culture in 2013 coupled with the opening of many cultural and tourist attractions, including the MUCEM, initiated a repositioning of its image as a tourist destination. This transformation also translated through numerous development projects such as the Euroméditerranée district or the recent creation of a new European hub for Chinese textiles. Sign of the popularity of the destination, Marseille-Provence airport registered 9.4 million passengers in 2018 (+4.3%) mainly driven by international routes (61% of traffic). In terms of overnights, the Bouches-du-Rhône department recorded a 4% increase reaching 6.4 million overnights, mainly supported by international clientele (+11%), which represents over 28% of all overnights. The volume of foreign customers in Marseille is struggling to regain its level of 2013 (1.7 m bed nights).

According to the tourism observatory of Marseille, the city counts 110 hotels and 7.183 rooms as of January 1, 2019. Classified establishments account for 74.5% of the hotel supply and 91.0% of the room supply. Between 2008 and 2019, the supply has increased its capacity by over 2,000 rooms (CAGR of 3.9%), a sign of the appetite of investors, developers and hotel operators. In details, Marseille has experienced an upgrade of its hotel room offering with a CAGR of 7.8% for the 3-star category, 8.7% for the 4-star and 11.7% for the 5-star. After a strong expansion of hotel supply in 2016, the number of hotel projects in development is currently more limited and is mainly focused on high-end hotels. In early 2018, NH Hotels partially opened the NH Collection, a 4-star hotel with 176 keys in the city centre, while the Pullman Palm Beach (4-star with 150 keys) reopened in June 2018 under the Nhow brand after a major renovation plan. After several delays, Toyoko Inn, a 2-star hotel with 267 rooms, near the Saint-Charles train station, also opened. In 3Q 2019, a 4-star Mercure with 83 rooms opened in the 1st district. In 2021, the fourth Meininger hotel in France (194 rooms) will open in Marseille. Finally, a Marriott hotel (5-star, 130 rooms) will open in 2023 in the "La Passerelle" project.

Between 2011 and 2018, the hotel market in Marseille recorded fluctuating performance due to one-off events (European Capital of Culture in 2013, Euro 2016) and an increase in branded supply, especially in the 4-star and 2-star categories. The occupancy rate of hotels has remained relatively stable, close to 65%, except in 2016 when it fell to 64% due to many openings during the year and in 2017 when it reached 67% thanks to the economic recovery. In terms of ADR, after an exceptional year in 2013 thanks to the nomination of the city as European Capital of Culture, hoteliers experienced a natural decline in ADR in 2014 across all segments. In 2016, ADR increased on average by 3.3% to €84.1 thanks to the Euro which allowed hoteliers to significantly increase their rates in June. In 2018, average ADR came back to the level of 2015 at €82.7. Consequently, RevPAR grew by 1.6% on average in 2018. Nevertheless, midscale hotels registered a decrease in RevPAR due to the impact of new competition entering the market at the end of 2016. Hotel performances are expected to continue growing due to rising demand, but hotel openings in the 4-star category are scheduled. Between January and October 2019, the RevPAR increased by 3.9% thanks to both ADR and occupancy rate.

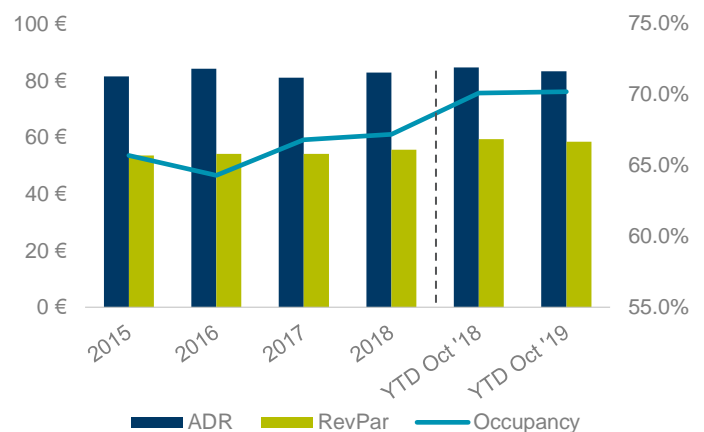
Super Budget and upscale hotels performances are superior compared to other segments.

Figure 30
Hotel room supply in Marseille from 2008 to 2018



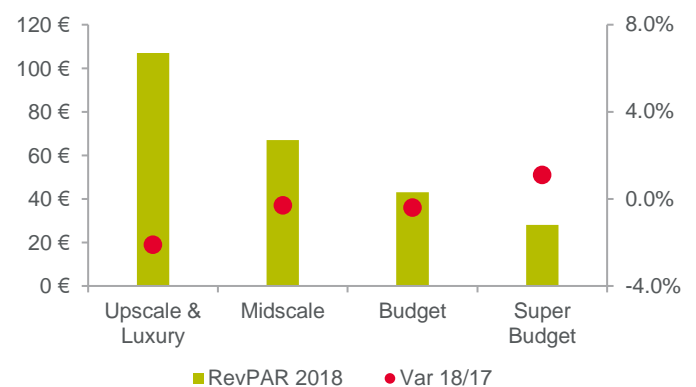
Source: Tourism Observatory of Marseille

Figure 31
KPIs for trading performance in Marseille from 2015 to 2018



Source: MKG

Figure 32
RevPAR by category in 2018 in Marseille and evolution compared to 2017



Source: In Extenso

Bordeaux

In 2018, a 5% increase led to 6.1 million overnights recorded in Greater Bordeaux. At the same time, Bordeaux Airport recorded 6.8 million passengers in 2018, representing an increase of 9.3% compared to 2017.

Thanks to an important urban renewal operation which started 15 years ago and because the city is included in the UNESCO World Heritage (2007), Bordeaux now benefits from a significant dynamism, in terms of population and economic activities. This trend is likely to be strengthened by the opening of the “Cit  du Vin” (large institution dedicated to Bordeaux’s wine culture) in June 2016 and the inauguration of the high-speed train line in July 2017 (which connects Bordeaux to Paris in two hours). Moreover, Bordeaux has been nominated first city to visit by the Lonely Planet guide in 2017.

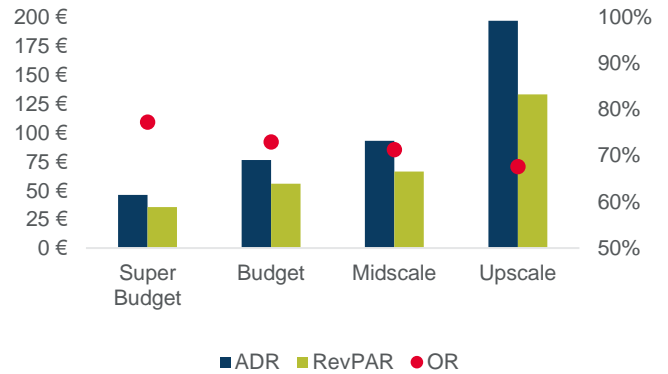
In 2018, the chain hotel supply in Bordeaux consisted of 5,035 rooms spread across 80 hotels, an increase of circa 400 rooms compared to 2017. Openings included a B&B at the train station, a Radisson Blu Hotel (4-star, 125 rooms) in the port district, a Hilton in the Euratlantique district as well as a Golden Tulip (4-star).

The hotel offering in Bordeaux is expected to increase by more than 1,000 rooms by 2021, mainly in the new neighbourhoods under development. A Eklo hotel with 127 rooms opened in 2019. In 2020 projects including hotels will open, the Tribequa project with a 4-star hotel (122 rooms), a Meininger hotel (162 rooms, 493 beds) will open next to Bordeaux Saint-Jean station and the “ lot de la Fourri re” project with a 3-star hotel (133 rooms), a 4-star hotel (150 rooms) and a hostel (200 beds). In 2021 a congress center project including a Sheraton hotel (4-star and 177 rooms) will open next to the airport, the Brazza district will host a MOB hotel (3-star, 120 rooms) and a Jo & Joe hotel (686 beds) and a B&B hotel will open in the “Quais des Caps” project. A 5-star hotel located Place Gambetta is supposed to be established in the ex-Virgin Megastore building.

In terms of hotel and hotel residence performances in 2017, Bordeaux registered a strong increase compared to 2016 due to a growing demand and despite Euro football games that boosted ADR in June 2016. The trend continued in 2018, a record year, the occupancy rate decreased 73.2% (-0.8 pts%) but ADR increased to  82.4 (2.2%), leading to a RevPAR growth of 1.0% ( 60.3). This RevPAR increase is more important concerning budget hotels (+2.9%).

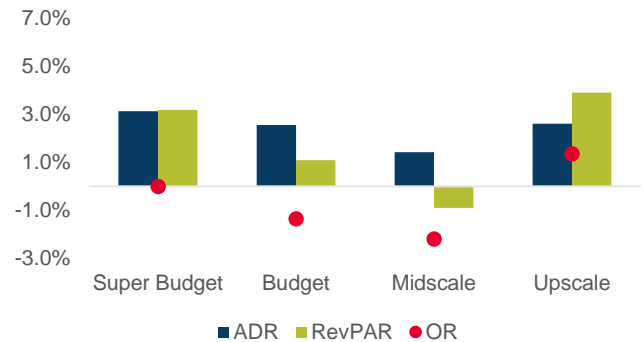
YTD November 2019 figures show a slight increase compared to the same period in 2018. Occupancy rate remained stable (+0.5 pts) but ADR increased by 1.3% leading to an increase in RevPAR of 2.1%. Indeed, between January and May 2019 Bordeaux airport recorded a 11.7% increase of airplane passengers and the development of offices in the Euratlantique district, the extension of the congress centre and the opening of the Arena at Floirac.

Figure 33
KPIs for trading performance in the Greater Bordeaux area in 2018



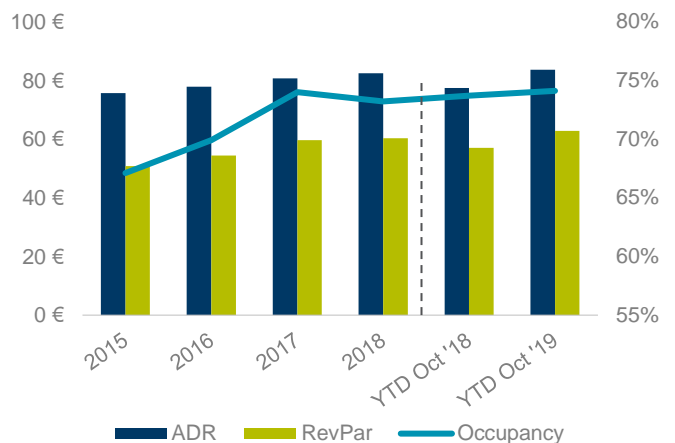
Source: Chamber of Commerce of Bordeaux

Figure 34
Evolution of KPIs for trading performance by category in the Greater Bordeaux area (evolution 2017/2018)



Source: Chamber of Commerce of Bordeaux

Figure 35
Bordeaux - KPIs for trading performance (ADR and RevPAR in  , occupancy rate in %)



Source: MKG

Toulouse

Toulouse benefits from an exceptional historical heritage and many cultural activities. Airbus's global headquarters makes the city a leading business destination in France with 75% of business tourism. In addition, the new Exhibition Centre (PEX) that will open in 2021 should complement this large offer and increase the attractiveness of the city for fairs and congresses. With circa 5.4 m tourists in 2018, Toulouse is one of the most popular tourist destinations in France. In addition, Toulouse-Magnac Airport has experienced a record-traffic with more than 9.6 million passengers (+18.3% passengers compared to 2016 and +3.9% compared to 2017) while the high-speed train makes Toulouse one of the most prominent transportation hubs in southwestern France.

In 2018, the Toulouse hotel supply comprised 5,525 rooms spread across 101 units. It is dominated by the 3-star segment with 34.8% of the total supply. The 4-star and the 2-star segments are almost equivalent, representing around 30.2% and 25.9% of the total supply respectively while the upscale supply accounts for about 6.9%.

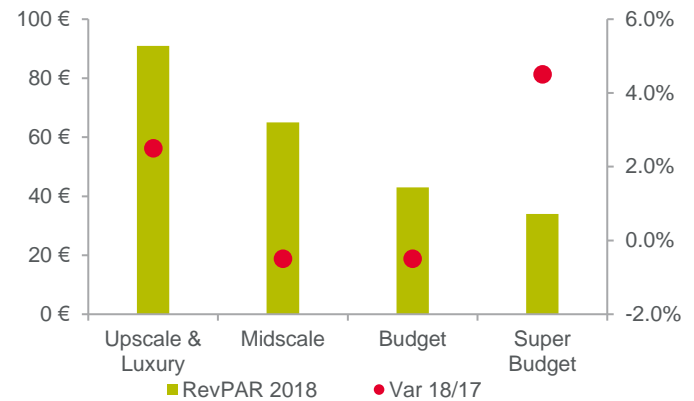
The hotel supply in Toulouse has increased by 528 rooms in 2018. In the city center, the Mama Shelter Toulouse with 120 rooms opened in a former cinema. At the airport, two openings took place: a 268-room NH connected to the terminal and a 140-room Residence Inn in the Blagnac Andromède area. In 2019 a Hilton Hotel (126 rooms, 3-star) opened next to the airport in Blagnac. In terms of pipeline, 3 hotel openings are planned by 2023, representing more than 860 rooms, particularly in the city center, at the airport and around the PEX (future exhibition center and convention center). In details, a budget Hotel Eklo of 100 rooms is expected to open in 2020 in the Cartoucherie area, a Student Hotel (354 rooms) next to place de l'Europe and a 3- or 4-star hotel, with around 250 rooms next to the future exhibition center in 2021. Another hotel with the same capacity should open in 2023. Finally, a Hilton Hotel should open in the future Occitanie tower. Toulouse aims for a growth in supply of 200 rooms per year until 2025.

Relating to the hotel performances, the RevPAR increased by 1.9% (€ 53.9) in 2018, due to an increase in ADR. Indeed, ADR has reached €80.5 (+2.8%) and the occupancy rate was at 67.0%, recording a slight fall (-0.6pts) in 2018. Only midscale segment recorded a decrease in RevPAR (-1%). YTD October 2019 figures show a decrease in RevPAR (-1.3%), mainly due to luxury and midscale segments.

Lille

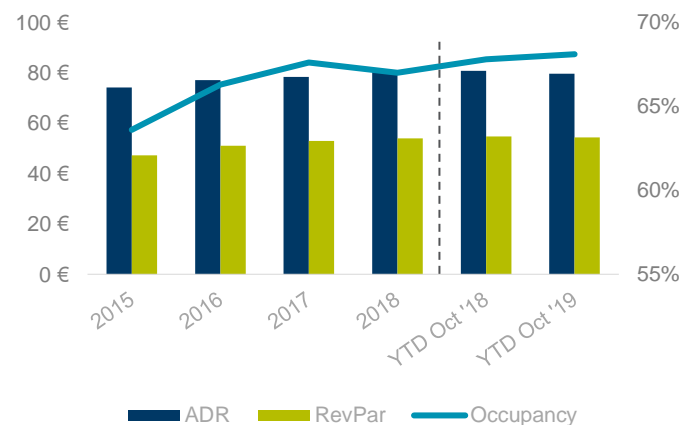
Lille is in the center of Metropole Européenne de Lille, fourth French agglomeration, which concentrates 1.1 million people. Every year, between 2 and 3 million people come to the famous "Braderie" and major exhibitions are organised such as Amedeo Modigliani at LaM in 2016. Moreover, the third business district in France is Euralille. Between 2014 and 2018, Lille contributed to the commemoration of the Great War Centenary, organising events which attracted international tourists. In 2018, 3.8 million overnights were registered in department of Nord (+1.5% versus 2017). Foreign and domestic arrivals represent 25% and 75% respectively, demonstrating the dependence to domestic demand.

Figure 36
Toulouse – RevPAR by category in 2018 and evolution compared to 2016



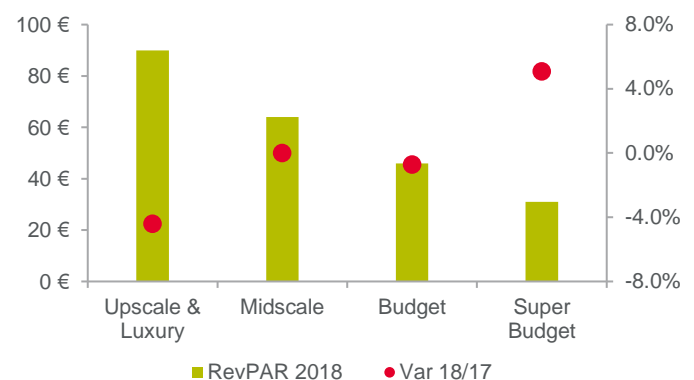
Source: In Extenso

Figure 37
Toulouse – KPIs for trading performance (ADR and RevPAR in €, occupancy rate in %)



Source: MKG

Figure 38
Lille - RevPAR by category in 2017 and evolution compared to 2016



Source: In Extenso

The supply included 3,476 rooms spread over 54 hotels in 2018. In 2019, the Mama Shelter (112 rooms) within the Swam project in Euralille district and the Moxy (127 rooms) in the city centre opened. A 4-star Okko hotel of 120 rooms in the city centre and a 3-star Hampton by Hilton hotel of 141 rooms should open in 2020.

Between 2016 and 2017 hotels performances in Greater Lille were stable. Indeed, the growing demand was absorbed by hotel supply increase. Greater Lille recorded an increase in RevPAR in 2018 (+0.9%), thanks to a slight increase in occupancy rate (+0.7pts). Only upscale segment recorded a fall in RevPAR (-1.2%) due to a decrease in ADR (-2.1%).

YTD October 2019 figures show a stable activity in Greater Lille with approximately the same RevPAR as 2018 in the same period.

Inner Lille RevPAR increased by 2.0% in 2018, thanks to a rise in occupancy rate of 1.7pts. Between January and October 2019 RevPAR decreased (-0.3%) due to a decrease in occupancy rate of -1.2pts.

Strasbourg

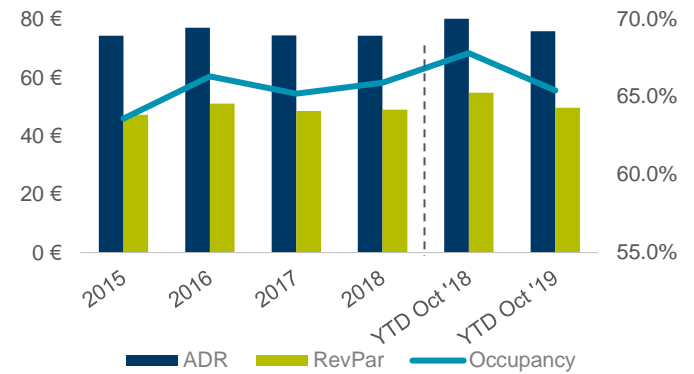
As a European capital, Strasbourg hosts both international and European institutions as well as many congresses and fairs. The city is also well-known for its Christmas market, which attracted around 2 m visitors each year. In 2018, overnight stays in department of Bas-Rhin increased by 2.3% compared to 2017, settling at 4.3 million due to the growth in foreign overnight stays (+6%).

In 2018, the supply consists of 4,934 rooms spread over 79 hotels. The 4-star segment and the 3-star segment count respectively 26 and 31 hotels Strasbourg, representing around 38% and 40% respectively. Concerning new supply, the 4-star hotel Golden Tulip (120 rooms), opened in 2019 next to the train station and a 4-star Okko hotel with 120 rooms opened in October 2017 on the Malraux peninsula.

In terms of pipeline, about 500 rooms will open in the city, mainly in 3 and 4-star segment. In details, a hotel in the former "police house" and a Aloft (123 rooms) are expected to open in 2020. In addition, the district of Wacken located next to the European Parliament and the congress centre is being improved. This project will include 2 hotels, an AC Hotel by Marriott and a Residence Inn that will take up 10,000 sqm together and should be delivered in 2021. These additional rooms will compensate for the lack of supply regarding the business demand, but it might put pressure on upscale hotel performances after 2021.

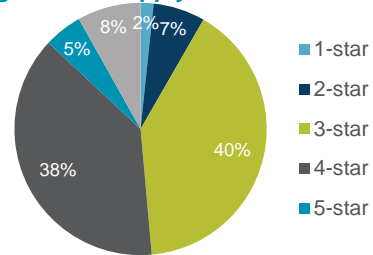
In 2018, Greater Strasbourg recorded an 1.3% rise in RevPAR, limited by a decrease in occupancy rate (-0.6pts). For budget segment RevPAR decreased mainly due to the decline in occupancy rate. The terrorist attack of December 2018, at the Christmas Market, is the main reason of the decline. Between January and October 2019, Greater Strasbourg RevPAR's was stable due to a decrease in budget and midscale segments. However, in inner Strasbourg RevPAR increased by 1.1%.

Figure 39
Lille – KPIs for trading performance (ADR end RevPAR in €, occupancy rate in %)



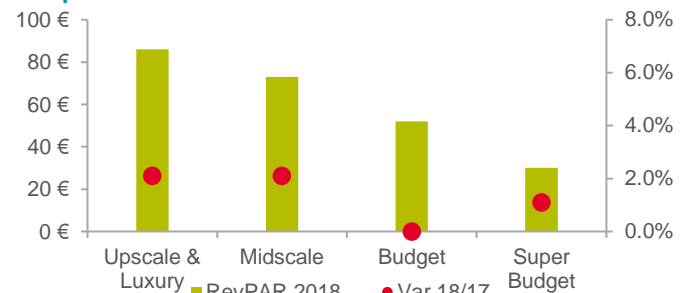
Source: MKG

Figure 40
Strasbourg – Room supply in 2018



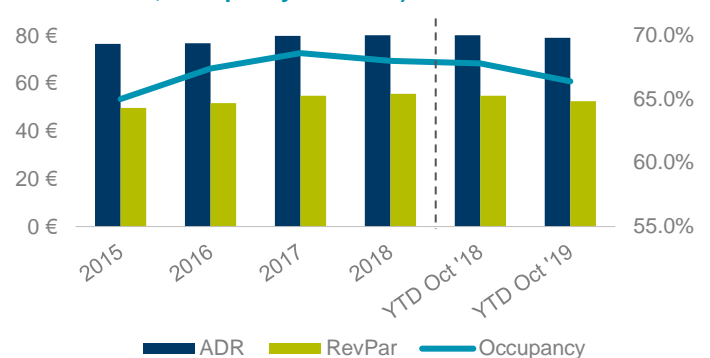
Source: INSEE

Figure 41
Strasbourg - RevPAR by category in 2018 and evolution compared to 2017



Source: In Extenso

Figure 42
Strasbourg – KPIs for trading performance (ADR end RevPAR in €, occupancy rate in %)



Source: MKG

Key transactions in France

We have summarized below key transactions in France in recent years.

'French B&B Hotels' – 30 properties in France



Date	December 2019
Keys	2,017
Seller	Covivio Hotels
Purchaser	Primonial REIM
Price	€ 113.5 million
Price per room	~ € 56,148
Yield	>4.0%

Acquisition of 30 hotels B&B (property only) in France by Covivio Hotels for circa € 113.5 million.

Okko Hotel – Nanterre



Date	December 2019
Keys	184
Seller	Vinci Immobilier
Purchaser	Undisclosed
Price	€ 40 million
Price per room	~ € 217,400
Yield	Confidential

Acquisition of the property only of the future Okko Hotel Nanterre (184 rooms). The hotel (expected opening in early 2020) features 184 rooms, a fitness area, a sauna, meeting rooms, 2 terraces and a restaurant.

Honotel Lyon Hotel Portfolio 2019 – 2 properties in Lyon



Date	November 2019
Keys	247
Seller	Sci Marol
Purchaser	Honotel
Price	~ € 30 million
Price per room	~ € 121,457
Yield	Confidential

Acquisition of the property and business interest of two hotels in Lyon, the 3-star hotel Axotel (130 rooms) and the 4-star hotel Charlemagne (117 rooms).

Alliance Hospitality Portfolio 2019 – 12 properties in France


Date	September 2019
Keys	1,915
Seller	LFPI Hotels Mgmt DL
Purchaser	Ferre Hotels
Price	~ € 225 million
Price per room	~ € 117,500
Yield	Confidential

Acquisition of the property and business interest of 12 hotels (1,915 rooms) for circa € 225 million. Hotels are located in inner Paris (2), Greater Paris (7), Pornic, Strasbourg and Toulouse.

Marriott Rive Gauche & Conference Center– Paris


Date	Q3 2019
Keys	757
Seller	Archer Hotel Capital
Purchaser	Aroundtown
Price	Confidential
Price per room	Confidential
Yield	Confidential

Acquisition of the property and business interest of the Hotel Marriott Rive Gauche. The hotel features 757 rooms, a fitness, a restaurant and an important meeting even space (more than 4,800 sqm).

“Covivio – Otel (AXA) hotel portfolio” – 32 properties in France and Belgium


Date	June 2019
Keys	6,221
Seller	AXA IM – Real Assets
Purchaser	Covivio Hotels
Price	€ 550 million
Price per room	~ € 88,410
Yield	Confidential

Purchase (property only) by Covivio of 32% stake in a portfolio valued at € 550 million. 30 hotels are in France and 2 in Belgium (14 hotels are located in Paris and 8 in Greater Paris). All hotels are leased to AccorInvest with a residual duration of 6.5 years.

"Gecina California hotel portfolio" – 5 hotels


Date	June 2019
Keys	814
Seller	Gecina
Purchaser	Angelo, Gordon
Price	€ 181 million
Price per room	~ € 222,359
Yield	Confidential

Acquisition of the property and business interest of 5 hotels. 2 hotels are located in inner Paris, Holiday Inn Paris Saint Germain and Holiday Inn Paris Notre-Dame and the three other ones are located in Boulogne, Bougival and Roissy CDG Airport area.

"Covivio B&B Portfolio 2019" – 59 properties in France


Date	April 2019
Keys	4 638
Seller	Covivio Hotel
Purchaser	Primonial REIM
Price	€ 272 million
Price per room	~ € 58,646
Yield	5.05%

Acquisition of 59 hotels B&B in France. 9 hotels are located in Ile-de-France, as the B&B Paris la Villette, the B&B Orly Rungis and the B&B Noisy le Grand. They are all renovated and benefited from a fixed remaining term of around 10 years.

"Westin Vendôme" - Paris

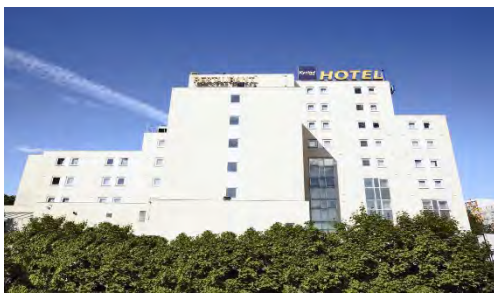

Date	November 2018
Keys	428
Seller	GIC
Purchaser	Henderson Park, Stone Point Capital, Kuwait Investment Authority, Wafra
Price	€ 550 million
Price per room	~ € 1,285,046
Yield	Confidential

Acquisition of the property and business interest of the iconic Westin Vendôme in Central Paris. It is a 5-star hotel that features 428 rooms, some meeting rooms as well as retail units. The hotel is located next to le "Jardin des Tuileries" and la "Place Vendôme" (prime location in Paris). The property requires some Capex.

“Combo Hyatt House and Hyatt Place” - Roissy-en-France (Leased asset)


Date	April 2018
Keys	309 (Hyatt Place) and 121 (Hyatt House)
Seller	Kaufman & Broad
Purchaser	Primonial REIM, SCPI Primovie
Price	Hyatt Place and Hyatt House: Confidential
Price per room	Confidential
Yield	Confidential

Acquisition of the property only of the future combo Hyatt House (expected opening in H2 2020). The property is leased to Cycas hospitality who will operate the property under a franchise agreement with Hyatt. The property is located next to the Hyatt Regency Paris CDG. The transaction is confidential, but we estimate that the yield is around 5.0%.

“Simply Hotel” portfolio - 45 hotels in various locations in France


Date	August 2017
Keys	3,286
Seller	Blackstone
Purchaser	Mata Capital
Price	€ 88,5 million
Price per room	€ 27,000
Yield	Confidential

Acquisition of the property and business interests of a portfolio which comprises 45 hotels. These are 2 and 3-star hotels located in secondary locations in France. Most of the hotels are operated under a franchise agreement with Kyriad, Campanile, Première Classe, Mister Bed and Ibis Styles while few hotels are unbranded.

“AC Hotel by Marriott Nice” - Nice


Date	June 2017
Keys	143
Seller	NC
Purchaser	Extendam, Algonquin
Price	€ 21,450,000
Price per room	€ 150,000
Yield	Confidential

Extendam and Algonquin acquired the property and business interest of this hotel, which is located few meters away from the “Promenade des Anglais” and the beach.

The property is a 4-star full-service hotel of 143 rooms with over 360 sq m of meeting space and a rooftop with an outdoor swimming-pool.

“Holiday Inn Paris Auteuil” - Paris


Date	June 2017
Keys	46
Seller	CPIH
Purchaser	Over Line Holding D Tian
Price	€ 12,56 million
Price per room	€ 273,043
Yield	Confidential

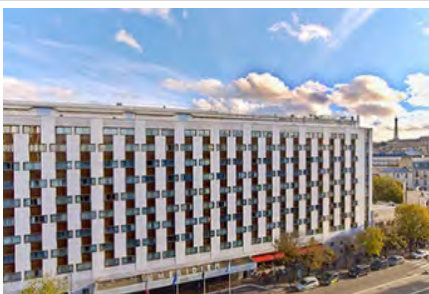
The property and business interest of this hotel were acquired in June 2017. It is a small 3-star full service hotel operated under the Holiday Inn brand.

It is located close to the Porte de Saint-Cloud (16th district) and the PSG stadium (Parc des Princes).

“Le Roi Soleil” portfolio – 8 hotels in various locations eastern France


Date	May 2017
Keys	761
Seller	Le Roi Soleil
Purchaser	Foncia Groupe, Foncia Cap'Hebergimmo SCPI - Foncia, Placement Pierre
Price	€ 30.5 million
Price per room	~ € 40,100 per key
Yield	6.16%

Acquisition of the property interests of a portfolio which comprises 8 hotels “Le Roi Soleil”. These are 2 and 3-star hotels located in Eastern France. Le Roi Soleil will continue to operate these hotels through a lease agreement over at least 12 years.

“Le Méridien Etoile” hotel - Paris


Date	Q4 2016
Keys	1,025
Seller	Mount Kellet Capital Management
Purchaser	Henderson Park
Price	€ 365 million
Price per room	~ € 356,000 per key
Yield	Confidential

Acquisition of the property interest of the Méridien Etoile hotel, recently refurbished. Largest Paris hotel in terms of capacity, it notably comprises 25 meeting rooms over 2,500 sq m.

The Méridien Etoile hotel is one of only three units operated by the Starwood Hotels & Resorts brand on the French market, in addition to the Méridien Nice (318 rooms) and the Méridien Monaco.

“Novotel Nice Centre” – Nice



Date	Q2 2016
Keys	181
Seller	AccorHotels
Purchaser	Groupe Otelis
Price	€ 20 million
Price per room	~ € 110,000 per key
Yield	Confidential

Acquisition of the Property and Business Interests of the Novotel Nice Center. It is a 4-star hotel which features 181 rooms, with 6 adjustable meeting rooms with a total surface area of 365 sq m. The hotel is located 2 km northeast of the Promenade des Anglais.

“Pullman Paris Bercy” - Paris



Date	Q3 2016
Seller	Benson Elliot, Walton Street, Algonquin
Purchaser	Cardif (Subsidiary of BNP Paribas)
Keys	396
Price	€ 180 million
Price per room	€ 454,000 per key
Yield	Confidential

The 396-room hotel was acquired by Cardif (Subsidiary of BNP Paribas). It was sold by Benson Elliot and Walton Street Capital and Algonquin. The latter remains operating partner and asset manager of the hotel. The property benefited from a full refurbishment in 2013.

“Pullman Paris Tour Eiffel” - Paris



Date	Q3 2016
Seller	Jesta Group
Purchaser	Amundi
Keys	430
Price	≈ € 330 million
Price per room	≈ € 767,000 per key
Yield	Confidential

The property and business were acquired by Amundi, through its investment vehicle OPCI OPCIMMO. It was sold by Jesta Group. The property benefited from a full refurbishment in 2014 and is operated by AccorHotels under a long-term management contract.

“Sofitel Paris le Faubourg” - Paris


Date	Q1 2016
Keys	147
Sellers	Mount Kellet, Fortress and Emad Salib
Purchaser	Joint Treasure
Price	€162 million
Price per room	€1,102,000 per key
Yield	3.30%

The 5-star hotel, located close to the US Embassy, was acquired by Joint Treasure. The property benefited from a refurbishment in 2015.

Portfolio of nine hotels in France and Belgium


Date	May 2015
Keys	650
Seller	A family office
Purchaser	FDM Management
Price	≈ € 125 million
Price per room	≈ € 192,300 per key
Yield	Confidential

FDM Management, subsidiary of Foncière des Regions, acquired a portfolio including seven hotels in France (€ 118 million approximatively) and two hotels in Belgium (€ 7 million). The French hotels are in the city-centre of Lille (60% of the rooms), Le Touquet and Rouen, whereas the Belgian hotels are in Bruges and Gand. Three hotels are independent. The 6 branded hotels are operated through a franchise agreement under the following brands (upscale and midscale segments): Best Western, Holiday Inn, Crowne Plaza and Marriott.

2. Comparable transactions

We have listed below some hotel transactions.

Property	City	Country	Date	Rooms	Reported Sale Price	Reported Price / Room	Currency	Reported NIY	Seller	Purchaser
Suites Novotel Paris Roissy	Roissy-en-France	France	01/01/2020	173	Confidential	Confidential	EUR	Confidential	Turenne Capital	Central Hotel
French B&B Hotel Portfolio	Various	France	01/12/2019	2 017	113 250 000	56 148	EUR	Confidential	Covivio Hotels	Primonial REIM
Okko Hotel Nanterre	Nanterre	France	01/12/2019	184	circa 40 000 000	217 391	EUR	Confidential	Vinci Immobilier	Undisclosed
Hotel du Midi	Paris	France	01/11/2019	32	Confidential	Confidential	EUR	Confidential	Undisclosed	Extendam
NH Plaza Hotel	Nice	France	01/11/2019	152	Confidential	Confidential	EUR	Confidential	Varde Partners	Covivio Hotels
Honotel FR Lyon Hotel PF 2019	Lyon	France	01/11/2019	247	circa 30 000 000	121 457	EUR	Confidential	Sci Marol	Honotel
Club Med Les Arcs Panorama	Bourg-Saint-Maurice	France	01/11/2019	433	circa 100 000 000	230 947	EUR	Confidential	La Fonciere Des Alpes	Atream
Aparthotel Adagio	Toulouse	France	01/10/2019	114	Confidential	Confidential	EUR	Confidential	Kaufman & Broad SA	Epargne Fonciere, La Francaise RE Managers
Extendam FR Hotel Portfolio 2019	Various	France	01/10/2019	361	Confidential	Confidential	EUR	Confidential	Undisclosed	Extendam
Ibis Nice Palais des Congrès	Nice	France	01/10/2019	87	Confidential	Confidential	EUR	Confidential	Undisclosed	EasyHotel
UBM/Warimpex FR Hotel Portfolio 2019	Magny-le-Hongre	France	01/09/2019	793	118 000 000	148 802	EUR	Confidential	Warimpex, UBM	Benson Elliot, Schroder RE Hotels
Club med La Plagne 2100	Aime	France	01/09/2019	340	circa 50 000 000	147 059	EUR	Confidential	Crédit Mutuel	AEW Ciloger
Alliance Hospitality Portfolio 19	Various	France	01/09/2019	1 915	circa 225 000 000	117 493	EUR	Confidential	LFPI Hotels Mgmt DL	Ferre Hotels
Château de Mazan	Mazan	France	01/09/2019	30	Confidential	Confidential	EUR	Confidential	Undisclosed	Undisclosed
Hotel Club mmy les Melezes	Bourg Saint-Maurice	France	01/09/2019	185	circa 13 000 000	70 270	EUR	5,00%	Undisclosed	Atream
18-24 Rue Rene Sahors	Vanves	France	01/01/2019	50	Confidential	Confidential	EUR	Confidential	groupe Ogc, care promotion	Caisse des Depots
The Student Hotel Toulouse	Toulouse	France	01/09/2019	354	circa 45 000 000	127 119	EUR	Confidential	Icade, Ynov	The Student Hotel
Les Hotels d'en Haut	Various	France	01/08/2019	245	Confidential	Confidential	EUR	Confidential	Perseus Cap Ptnrs	KSL Capital Partners
futur Hilton Garden Inn	Le Havre	France	01/07/2019	106	Confidential	Confidential	EUR	Confidential	Linkcity	Caisse des Dépots, Ojrel, Naos Invest France
Hotel Tamaris	Paris	France	01/07/2019	42	Confidential	Confidential	EUR	Confidential	Undisclosed	Elegencia Hotels, EXTENDAM
Hotel Comete Paris	Paris	France	01/07/2019	30	Confidential	Confidential	EUR	Confidential	Undisclosed	Elegencia Hotels, EXTENDAM
Novotel	Paris	France	01/07/2019	199	Confidential	Confidential	EUR	Confidential	Francimmo Hotels	AccorInvest
AXA 32 Accor hotels Portfolio	France Belgique	France	01/06/2019	6 221	550 000 000	88 410	EUR	Confidential	AXA IM - Real Assets	Covivio Hotels
Gecina Hotels Portfolio 2019 (5 properties)	Various	France	01/06/2019	814	circa 181 000 000	222 359	EUR	Confidential	Gecina	Angelo, Gordon
K+K Hotel Cayre	Paris	France	01/06/2019	125	circa 41 570 000	332 559	EUR	Confidential	Goldman Sachs, Highgate Holdings	Event Hotels, InterGlobe Entreprises
Hotels Corona and Touraine Opera (2 prop)	Paris	France	01/06/2019	97	Confidential	Confidential	EUR	Confidential	Undisclosed	Tikehau IM
Hotel Locarno	Nice	France	01/05/2019	48	Confidential	Confidential	EUR	Confidential	123 Venture	Summer Hotel Group
Best Western PLUS Elixir	Grasse	France	01/05/2019	62	Confidential	Confidential	EUR	Confidential	Undisclosed	Easy Group
Hotel des Orangers	Cannes	France	01/05/2019	50	Confidential	Confidential	EUR	Confidential	Undisclosed	Summer Hotel Group
Covivio B&B Portfolio 2019	Various	France	01/04/2019	4 638	272 000 000	58 646	EUR	5,00%	Covivio Hotels	Primonial REIM
Tour Litwin - Mama Shelter La Defense	Puteaux	France	01/04/2019	211	Confidential	Confidential	EUR	Confidential	Groupe Elysées Monceau	Atream, CARAC, Ferre Hotels, Caisse d'Epargne
Holiday Inn Express canal de la Villette	Paris	France	01/02/2019	144	Confidential	Confidential	EUR	Confidential	Gecina	Raise REIM
Hotel Vintimille	Paris	France	01/02/2019	41	rumor 7 000 000	170 732	EUR	Confidential	Undisclosed	Financière JL

Aloft NoListra	Strasbourg	France	01/01/2019	123	Confidential	Confidential	EUR	Confidential	Vinvi Construction	Naos Hotel Groupe
Ibis Styles Paris Montmartre Nord	Paris	France	01/01/2019	46	Confidential	Confidential	EUR	Confidential	Pacific Hotel	Extendam
Ibis Paris Tour Montparnasse 15eme	Paris	France	01/01/2019	45	Confidential	Confidential	EUR	Confidential	Trianon Hotel	Extendam, François-Xavier Bourgois
Phileas hotel Gare Saint Lazare	Paris	France	01/12/2018	39	5 300 000	135 897	EUR	Confidential	Immorente, Sofidy	Undisclosed
Hotel Roi Soleil Prestige Strasbourg	Schiltigheim	France	01/12/2018	86	10 794 000	125 512	EUR	Confidential	Undisclosed	Foncía Cap/Hebergimmo SCPI, Foncía Group
Ibis Bourg en Bresse and Ibis Sallanches	Bourg-en-Bresse	France	01/12/2018	115	7 980 000	69 391	EUR	Confidential	Patrick Fournier	Calpers hotels
B&B Gennevilliers	Le Port-Marly	France	01/12/2018	85	Confidential	Confidential	EUR	Confidential	Undisclosed	Brilhac Group
Quai des Caps B&B	Bordeaux	France	01/10/2018	120	Confidential	Confidential	EUR	Confidential	Fayat, Pitch Promotion SA	Keys Asset Mgmt
Hotel Lancaster	Paris	France	01/11/2018	56	Confidential	Confidential	EUR	Confidential	SD2P Goup	Undisclosed
Hotel Novotel Bordeaux le Lac	Bordeaux	France	01/10/2018	175	Confidential	Confidential	EUR	Confidential	BPI France, Turenne Capital	Undisclosed
Westin Paris	Paris	France	01/10/2018	428	550 000 000	1 285 047	EUR	Confidential	GIC	Henderson Park
Milles arbres Hotel	Paris	France	01/10/2018	250	Confidential	Confidential	EUR	Confidential	Groupe Ogic, Compagnie de Phalsbourg	CNP Assurances, AG2R La Mondiale
Hotel Maison Astor Paris	Paris	France	01/10/2018	131	Confidential	Confidential	EUR	Confidential	Maranatha Group	Ladbrokes
Hotel de l'Estere	Saint-Raphael	France	01/10/2018	64	6 200 000	96 875	EUR	Confidential	Undisclosed	Atream, SCPI Atream Hotels
Residence Premium Pierre et Vacances	Deauville	France	01/09/2018	32	14 900 000	465 625	EUR	Confidential	Pierre & Vacances Center Parcs	Eurofoncière2, Multim.2, La Française REIM
Eklo Hotel	Clermont-Ferrand	France	01/09/2018	92	Confidential	Confidential	EUR	Confidential	Linkcity	Eklo, Caisse des depots
Novotel fontainebleau	Ury	France	01/07/2018	126	Confidential	Confidential	EUR	Confidential	Guillaume Defrance, Turenne Capital	SomnOO management
Hotel eiffel Blomet	Paris	France	01/07/2018	87	Confidential	Confidential	EUR	Confidential	Hotellin	Schroder real Estate Hotels, Extendam
Campanile Annemasse centre - Gare	Annemasse	France	01/07/2018	69	Confidential	Confidential	EUR	Confidential	Parcotel	Louvre Hotels
Inter-Hotel Continental	Deauville	France	11/07/2018	52	Confidential	Confidential	EUR	Confidential	Undisclosed	SD2P
Odalys City Prestige	Nîmes	France	01/06/2018	83	11 800 000	142 169	EUR	4,90%	Groupe Duval	Ficommerce SCPI, Fiducial Real Estate
Mercure Thalassa Port Frejus	Frejus	France	01/06/2018	119	6 200 000	52 101	EUR	Confidential	AXA REIM	Kerdonis Hotel
Escalotel portfolio (12 properties)	Various	France	14/06/2018	circa 850	Confidential	Confidential	EUR	Confidential	Escalotel Group	Alboran, Trocadero Capital Partners
CitizenM Champs-Élysées (conversion)	Paris	France	01/06/2018	109	circa 80 000 000	733 945	EUR	Confidential	Bluestone Group, Etoile des champs / SI Faure	CitizenM
hotel Spity	Nice	France	30/05/2018	38	5 000 000	131 579	EUR	Confidential	Pearl Management (Thierry Thiercelin)	Hôtel Amour (groupe Beaumarty/Costes)
So Softel Morland	Paris	France	01/04/2018	161	Confidential	Confidential	EUR	Confidential	Emerige	TH Real Estate
Humanis portfolio (4 properties)	Various France	France	01/04/2018	333	15 000 000	45 045	EUR	Confidential	Humanis	Vacances Bleues
K&B Hyatt Roissy combo	Roissy-en-France	France	01/04/2018	430	Confidential	Confidential	EUR	Approx. 5.0%	Kaufman & Broad SA	Primonial REIM, SCPI Primovie
L'Epi-Plage	Ramatuelle	France	01/04/2018	10	27 000 000	2 700 000	EUR	Confidential	Shahla Mauch Deyhim	McCourt Global
Dolce Chantilly	Vineuil-Saint-Firmin	France	07/03/2018	200	Confidential	Confidential	EUR	Confidential	Banimmo Real Estate	Urban Renaissance (Montefiore FR)
Hotel Elysee Etoile	Paris	France	06/03/2018	18	Confidential	Confidential	EUR	Confidential	Confidential	Hotel Elysee Etoile (Nadia Banjy Tavar)
Timhotel Lyon la Part-Dieu	Lyons	France	16/02/2018	33	Confidential	Confidential	EUR	Confidential	Fiduciaire de champagne	Time Hotels
future Staycity bordeaux	Bordeaux	France	31/01/2018	125	Confidential	Confidential	EUR	Confidential	Edouard Denis group	La Francaise RE Managers, ERAFP
future Motel One Paris (Majority)	Paris	France	25/01/2018	255	Confidential	Confidential	EUR	Confidential	Caisse des Depots	Fonciere des Murs
Ibis France portfolio 2018	Lille, Calais, Béthune	France	15/01/2018	189	Confidential	Confidential	EUR	Confidential	Confidential	123 IM, SomnOO management
Pullman Cannes Mandelieu Royal Casino	Mandelieu-la-Napoule	France	31/12/2017	213	Confidential	Confidential	EUR	Confidential	Chequers Capital	JOA (Jouer Oser s'Amuser)
LAZ Hotel	Paris	France	31/12/2017	56	21 800 000	389 286	EUR	3,99%	Suitcase Hospitality	Epargne Fonciere, La Française Global REIM
Neo Est	Nice	France	21/12/2017	243	Confidential	Confidential	EUR	Confidential	Linkcity	KEYS Asset Mgmt
Cavaliere sur Plage	Le Lavandou	France	18/12/2017	71	11 000 000	154 930	EUR	Confidential	Ibersol	OD Group
Ibis	Montpellier	France	15/12/2017	NA	4 341 645	Confidential	EUR	6,00%	Undisclosed	Deltager SA, SCPI Unidelta

Unity Hotels (Crowne Plaza and Holiday Inn)	Nice	France	01/12/2017	260	Confidential	Confidential	EUR	Confidential	Nacarat	HPVA Hotels
Hampton by Hilton Blagnac	Blagnac	France	30/11/2017	126	Confidential	Confidential	EUR	Confidential	Kaufman & Broad SA	Atream
Odalys Cavalaire	Cavalaire-sur-Mer	France	28/11/2017	95	14 700 000	154 737	EUR	5,04%	Linkcity	La Française Global REIM, Epargne Fonciere
Acquisition of Eurosic by Gecina	Paris	France	17/10/2017	1	over 230 m	Confidential	EUR	Confidential	Eurosic	Gecina
Hotel de l'Arbois	Aix-en-Provence	France	30/09/2017	56	5 000 000	89 286	EUR	Confidential	Elixir / Oliveraie	Ermanuel Gresillon
Radisson Blu Toulouse Airport	Blagnac	France	29/09/2017	200	Confidential	Confidential	EUR	Confidential	Blagnac Investments SARL,	Extendam, Algonquin
Hotel Opal	Paris	France	01/09/2017	33	11 000 000	333 333	EUR	Confidential	Albar family	Extendam, Paris Inn Group, Rubinski / Coulomban
Eurosic Lagune Portfolio	Various	France	29/08/2017	2	Confidential	Confidential	EUR	Confidential	Eurosic	Batipart
Aparthotel Adagio Strasbourg Place Kleber	Strasbourg	France	02/08/2017	57	Confidential	Confidential	EUR	Confidential	Altarea Cogedim	Deka Immobilien
Simply Hotels Portfolio	Various	France	01/08/2017	3	88 500 000	26 932	EUR	Confidential	Blackstone	Mata Capital
Ibis Paris Gennevilliers hotel	Gennevilliers	France	28/07/2017	60	4 450 000	74 167	EUR	Confidential	Extendam	Hotels Services International
Future combo (Ibis and Novotel)	Saint-Etienne	France	26/07/2017	161	Confidential	Confidential	EUR	Confidential	Vinci Immobilier	BNP Paribas, BPI France
MGallery Tour Duo	Paris	France	25/07/2017	120	circa 58 000 000	483 333	EUR	Confidential	Hines, Ivanhoe Cambridge	Natixis
Mercurie Niort Marais Poitevin	Niort	France	21/07/2017	99	6 295 000	63 586	EUR	7,40%	Undisclosed	Atream, SCPI Atream Hotels
Hotel Meininger Lyon	Lyon	France	12/07/2017	169	Confidential	Confidential	EUR	Confidential	Fontanel promotion	Fonciere des Murs
Le Saint-Paul	Saint-Paul-de-Vence	France	11/07/2017	16	Confidential	Confidential	EUR	Confidential	Undisclosed	Alexander Koziuk
Hotel ibis Thonon Evian	Thonon-les-Bains	France	30/06/2017	67	5 713 818	85 281	EUR	Confidential	Mrs & Ms Charlie Langlais	APC Partners
Holiday Inn Paris Auteuil	Paris	France	30/06/2017	46	12 560 000	273 043	EUR	Confidential	CPIH	Over Line Holding D Tian
AC Hotel by Marriott Nice	Nice	France	30/06/2017	143	21 450 000	150 000	EUR	Confidential	Undisclosed	Extendam, Algonquin
Artyster Toulon	Toulon	France	01/06/2017	44	6 250 000	142 045	EUR	9,00%	Undisclosed	Undisclosed
Hotel Imperator	Nîmes	France	01/06/2017	60	25 000 000	416 667	EUR	Confidential	Serge Sanchez	Paris Inn Group
Hotel 64 Nice	Nice	France	12/05/2017	44	3 976 400	90 373	EUR	Confidential	Undisclosed	Sofidy, Immorente
Generator Paris	Paris	France	12/05/2017	199	20 850 503	104 776	EUR	Confidential	Patron Capital, Invesco	Queensgate Investments
Roi Soleil Hotel Portfolio (8 properties)	Various	France	05/05/2017	761	30 500 000	40 079	EUR	6,16%	Roi Soleil	Placement Pierre, Fonia
Hotel Crillon le Brave	Crillon-le-Brave	France	30/04/2017	36	17 500 000	486 111	EUR	Confidential	Peter Chittick, Carolyn Fairbairn, others	Guillaume De Montalier
Ibis Paul Bourget	Paris	France	01/04/2017	180	Confidential	Confidential	EUR	Confidential	Vinci Immobilier	BNP Paribas
B&B Gennevilliers	Gennevilliers	France	29/03/2017	137	9 360 000	68 321	EUR	Confidential	Greestone Immobilier, formerly Arch'immobilier	Cloger
To-Lyon Tower (Hotel)	Lyon	France	16/03/2017	168	Confidential	Confidential	EUR	Confidential	Vinci Immobilier	Caisse des Depots, Amundi
Accorhotels F1 portfolio	Various	France	01/03/2017	circa 4,500	Confidential	Confidential	EUR	Confidential	Accor, La Française Global REIM	CDC Habitat (SNI)
Hotel Parc OL	Décines-Charpieu	France	01/01/2017	140	15 000 000	107 143	EUR	Confidential	EM2C Groupe, Vinci Construction	Lavorel Hotels
ANF portfolio (2 hotels)	Lyon, Marseille	France	01/12/2016	222	39 217 000	176 653	EUR	Confidential	ANF Immobilier	Laffitte Pierre SCPI, AEW Europe
Mode Aparthotel	Paris	France	01/12/2016	47	31 560 000	671 489	EUR	Confidential	Novaxia	BNP Paribas REIM
Swam Mama Shelter Hotel	Lille	France	Q2 2016	112	23 517 188	209 975	EUR	Confidential	Nacarat	La Française AM
Jo & Joe Hotel «Open House »	Gentilly	France	01/12/2016	240	32 000 000	133 333	EUR	Confidential	Woodeum	AccorInvest
Perisight Hotel	Clichy	France	01/12/2016	156	24 201 500	155 138	EUR	Confidential	Nexity	Genepierre, Amundi, SCPI Edissimmo
Pullman Paris Tour Eiffel	Paris	France	Q3 2016	430	330 000 000	767 000	EUR	Confidential	Jesta Group	Amundi
Pullman Paris Bercy	Paris	France	01/08/2016	396	Confidential	Confidential	EUR	Confidential	Benson Elliot JV Walton Street JV Algonquin	BNP Paribas Cardif
Holiday Inn Express Roissy-pole Ouest	Roissy-en-France	France	Q2 2016	305	28 618 574	93 831	EUR	Confidential	Spie Batignolles Nord	IECH services
Sheraton Roissy	Tremblay-en-France	France	Q2 2016	252	circa 250 000 000	circa 100 000	EUR	Confidential	Starwood	Financiere immo bordelaise
Crowne Plaza Lille - Euralille	Lille	France	Q2 2016	121	25 309 033	209 166	EUR	Confidential	Societe Lilloise d'Investissement Hotelier	Fonciere des Regions

Novotel Nice Centre	Nice	France	31/05/2016	180	20 000 000	111 111	EUR	Confidential	Accor	OLETIS
Westminster	Le Touquet-Paris-Plage	France	Q2 2016	115	21 314 730	185 345	EUR	Confidential	Nicolas & Laurent Boissonnas	Groupe Lucien Barriere
Hotel portfolio France - SLIH	Various	France	01/05/2016	575	circa 120 000 000	circa 210 000	EUR	Confidential	Societe Lilloise d'Investissement Hotelier	Fonciere des Murs
Timhotel Opera Gare Saint-Lazare	Paris	France	01/02/2016	81	11 833 990	146 099	EUR	Confidential	LFPI	OLETIS
Hotel Nicea	Nice	France	01/11/2015	38	1 315 183	34 610	EUR	Confidential	Philippe Lecompte	Parfres JV 123 Venture
Sofitel Paris Le Faubourg	Paris	France	01/11/2015	147	162 300 000	1 104 082	EUR	3,30%	Mount Kellett JV Fortress Capital, etc.	Joint Treasure Intl
Hotel Belle Plagne	La Plagne-Tarentaise	France	06/05/2015	144	11 000 000	76 389	EUR	Confidential	Buildinvest	Vacances Bleues
Villa Mazarin	Paris	France	Q2 2016	29	25 000 000	862 069	EUR	Confidential	Guesthouse SARL	Xavier Niel JV Pariente brothers
Kyriad Paris Clichy centre	Clichy	France	Q2 2016	53	6 000 000	113 208	EUR	Confidential	S.C.S.P.	Orea Management - Nazara
Best Western Premier 61 Paris Nation Hotel	Paris	France	Q2 2016	48	8 200 000	170 833	EUR	Confidential	Pramerica REI JV Paris Inn Group	Etemam JV Paris Inn Group
Hilton Charles de Gaulle Airport	Tremblay-en-France	France	Q2 2016	392	47 000 000	119 898	EUR	7,20%	Westmont JV Baupost Capital	Oman Investment Fund (OIF)
Hilton Strasbourg	Strasbourg	France	20/07/2016	243	41 097 723	169 126	EUR	Confidential	Westmont JV Baupost Capital	Oman Investment Fund (OIF)
Citadines	Marseille	France	13/07/2016	101	2 632 000	26 059	EUR	Confidential	Amundi Real Estate	Undisclosed
Club Med de Sant'Ambroggio	Lumio	France	29/06/2016	291	26 000 000	89 347	EUR	Confidential	GE Capital	Corsea Promotion JV Inovalis JV Caisse D'Epargne
Sofitel Biarritz le Miramar	Biarritz	France	29/06/2016	126	27 344 995	217 024	EUR	Confidential	Fonciere des Murs	Accor
Pullman Paris Bercy	Paris	France	13/04/2016	396	57 434 860	145 038	EUR	Confidential	Host Hotels & Resorts JV APG Group JV GIC	Benson Elliot JV Walton Street Capital JV Algonquin
Royal Cottage	Cassis	France	31/03/2016	25	2 400 000	96 000	EUR	Confidential	Horizon	Amarphy
Hôtel Motel One	Paris	France	Q1 2016	255	28 979 755	827 993	EUR	Confidential	Undisclosed	Undisclosed
Hotel du Roy - Portfolio	Paris and Nice	France	03/02/2016	471	360 000 000	764 331	EUR	Confidential	Undisclosed	Maranatha
Grand hôtel Dieu - InterContinental	Lyon	France	2015	143	75 000 000	524 476	EUR	Confidential	Undisclosed	Axa REIM
Hôtel Mont Blanc	Chamonix	France	2015	40	25 000 000	625 000	EUR	Confidential	Undisclosed	H8 Collection
Royal Garden Champs-Élysées	Paris	France	2015	72	13 100 000	181 944	EUR	Confidential	Undisclosed	Esprit de France
Hôtel Mathis	Paris	France	2015	23	15 000 000	652 174	EUR	Confidential	Undisclosed	H8 Collection
Hotel Nikko (Novotel Paris Tour Eiffel)	Paris	France	2015	764	200 000 000	261 780	EUR	Confidential	Undisclosed	M129 Eurobail
Hôtel Mercure Paris Bastille Saint-Antoine	Paris	France	2015	34	11 900 000	350 000	EUR	Confidential	Undisclosed	Undisclosed
InterContinental Paris - Le Grand	Paris	France	2015	470	330 000 000	702 128	EUR	Confidential	Intercontinental Hotels Group	Qatar Holding
Relais de Margaux	Magnaux	France	2015	100	5 300 000	53 000	EUR	Confidential	Undisclosed	Undisclosed
Arcueil Courtyard Hotel	Arcueil	France	2015	170	28 000 000	164 706	EUR	Confidential	Undisclosed	Undisclosed
Club Med Sant'Ambroggio	Sant'Ambroggio	France	2015	291	26 000 000	89 347	EUR	Confidential	Undisclosed	Corsea Promotion JV Inovalis JV Caisse D'Epargne
Hôtel Balladins	Antony	France	2015	106	8 500 000	80 189	EUR	Confidential	Undisclosed	Undisclosed
Novotel Cannes Montfleury	Cannes	France	2015	182	13 000 000	71 429	EUR	Confidential	Undisclosed	Undisclosed
Campanile SCSP	Bonneuil Corbeil	France	2015	137	9 750 000	71 168	EUR	Confidential	Undisclosed	Undisclosed
Golden Tulip Mame La Vallee	Bussy St Georges	France	2015	87	6 000 000	68 966	EUR	Confidential	Undisclosed	Undisclosed
Ibis Styles Marseille Castellan	Marseille	France	2015	53	3 400 000	64 151	EUR	Confidential	HSI	SCI IP2
Hôtel Eliseo	Lourdes	France	2015	204	10 500 000	51 471	EUR	Confidential	Undisclosed	Undisclosed
Best Western Le Sud Manosque	Manosque	France	2015	46	2 150 000	46 739	EUR	Confidential	Undisclosed	Undisclosed
Comfort Hotel CDG Goussainville	Goussainville	France	2015	49	1 800 000	36 735	EUR	Confidential	Undisclosed	Undisclosed
Mercure Cognac Chateaubernard 2015	Chateaubernard	France	2015	53	800 000	15 094	EUR	Confidential	Undisclosed	Undisclosed

SOURCES OF INFORMATION

Sources of Information

In addition to information established by us, we have relied on the information obtained from you, as listed below:

Information	Source / Author	Date
Floor areas	Alrov Group	November 2018
Actual 2019 management accounts	Alrov Group	February 2020
Trading Projections, 2020-2023	Alrov Group	February 2020
Measurement of Surface Areas	Alrov Group	November 2018
Bedroom Category Matrix	Alrov Group	November 2018
Artistic Visuals Presentation	Alrov Group	November 2018



The Directors
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26 March 2020

Dear Sirs

**Financial Accounts of Alrov Properties & Lodging Limited for Financial Period ending 31 December 2019
Hotel Lutetia Paris, 45 Boulevard Raspail, 75006 Paris, France**

We understand that you will be including a copy of our report and valuation in the Financial Accounts for the period ending 31 December 2019.

We hereby give our consent to the inclusion of our report and valuation dated 5 March 2020 and as appendix, and to the references to it and our name in your report, and in due course look forward to receiving a copy of the published document.

In addition, we hereby give our consent that this letter (together with our report), be included in the Alrov Properties & Lodging Limited published prospectus, including the prospectus that is due to be published in www.magne.ISA.gv.il.

Yours Faithfully,



**Ian M Thompson MRICS
PARTNER**

For and on Behalf of Cushman & Wakefield Debenham Tie Leung Limited

