Delacour

PRIVATE OFFICE

ADVANCED DUE DILIGENCE




# Hôtel Villa Ambrine

*Four-star hotel, Saint-Tropez*

Sample report · prepared for the investment committee of a Gulf family office (fictional) · November 2026

SAMPLE REPORT · FICTIONAL BUSINESS · ALL BUSINESS DATA INVENTED

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# Executive summary

OUR VERDICT

## Renegotiate before proceeding.

Offer €9,200,000 for the hotel business and property together. Release funds only after the seller shows that the hotel can deliver the 2027 season the family is buying.

## Decision for the investment committee

The broker asks €12,000,000 on a debt-free, cash-free basis (case data). Its €1.3m headline removes both family officers and their holding fee, leaves replacement management uncosted and uses a season that included a film buyout. We underwrite €937,750 of professionally managed earnings before a furniture and equipment reserve, or €782,590 after it. The family can keep two August suites for three weeks in this base case. No value is assigned to a fifth star or a longer season.

| PRICE DECISION | OFFER | WALK-AWAY CEILING | SELLER ASKS |
|---|---|---|---|
| **Enterprise value including the property** | €9,200,000 | €9,700,000 | €12,000,000 |
| **Illustrative gross share consideration after closing adjustments** | €6,701,200 | €7,201,200 | €9,501,200 |
| **Total investment including identified works, fees, tax and liquidity** | €11,440,460 | €11,975,210 | €14,435,060 |
| **Unlevered yield against the family's 6.5% target (case data)** | **6.84%** | **6.54%** | **5.42%** |

The offer requires €7,300,460 of family funding and an assumed €4,140,000 bank loan. The ceiling leaves only €64,636 of capacity for a further one-off cost at unchanged earnings. Any fall in verified earnings, delay or additional work requires a fresh price. Debt, cash and ordinary working capital must be measured at completion.

## Scorecard

| AREA | RATING | COMMITTEE READING |
|---|---|---|
| **Asset perimeter** | GREEN | One company owns the operating hotel and property. Staff studios sit outside it. Title sign-off remains due. |
| **Market and channels** | AMBER | Strong summer demand. Relative room revenue index fell from 96 to 90. |
| **Earnings quality** | AMBER | Current trading supports positive earnings, subject to a closed ledger and replacement staffing costs. |
| **Price and returns** | RED | Asking terms miss the family's yield by 1.08 percentage points. |
| **Liquidity and finance** | AMBER | Annual cover is positive at the offer. March cash and finance consent are unconfirmed. |

| AREA | RATING | COMMITTEE READING |
|---|---|---|
| **Tax and duty** | RED | Open audit and a material risk that 5% applies to share consideration. |
| **Staff and housing** | RED | Pay records, claims, chef retention and occupied studios need enforceable solutions. |
| **Planning and environment** | RED | Pool works exceed the declaration. Extent of tank contamination is unknown. |
| **Safety and classification** | RED | The periodic visit is overdue and classification expires on 11 April 2027. |
| **Management and transition** | AMBER | Professional management can replace the family if appointed before the season. |

## Ten matters that change the decision

| ISSUE | € IMPACT | INSTRUCTION |
|---|---|---|
| **Seller's earnings basis** | €1,296,000 versus €937,750 current, before reserve | Base price on verified current earnings. |
| **Pool, deck and pool house** | Remediation and interruption unpriced | Obtain lawful retention or an approved, costed alternative before closing. |
| **Outstanding fire requirements** | €140,000, plus any closure loss | Obtain written safety status and seller credit for buyer-paid repairs. |
| **Four-star renewal** | €620,000 first phase within €1.15m | Require assessor evidence and an executable renewal timetable. |
| **Tax audit and repeat years** | €180,000–€420,000 scenario | Specific indemnity and €420,000 secured within escrow. |
| **Debt and security releases** | €2.25m model debt plus €58,800 fee | Obtain lender payoff, discharge and a funded replacement loan. |
| **March operating liabilities** | €50,000 model shortfall to provisional peg | Price off completion accounts and replenish normal trading cash. |
| **Share duty** | €335,060 versus €6,701.20 at offer | Budget 5% pending independent valuation and tax sign-off. |
| **Payroll and labour cases** | €48,000 claimed, €45,000 annual compliant-pay allowance | Secure historical claims separately from future staffing costs. |
| **Housing and key staff** | €36,000 recurring rent increase, chef departure unpriced | Sign the lease and obtain a workable retention or replacement plan. |

**Before signing**, require full tax correspondence, payroll and headcount tests, duty opinion, bank terms, verified earnings, priced works, an authority-informed opening programme, agreed seller security and any required employee information. **Before closing**, require enforceable planning and safety

outcomes, agreed rating evidence, bound insurance, operating permits, management and housing, committed funds, lender releases and funded escrow. A passed deadline is a reason to postpone transfer. An incurable planning or safety defect is a reason to end negotiations.

# 01

# Scope, method and limits

IN SHORT

*You would acquire a seasonal hotel, its land and buildings, and the French company that has owned them for decades. The accounts support further negotiation. The largest unresolved decisions concern what the company earns without the sellers, what it owes in March and whether it can open on time.*

## The mandate

Delacour, Private Office prepared this review for an Abu Dhabi family office. It wants a ten-year or longer hold, professional management and two suites for three weeks each August (case data). Its target is at least 6.5% unlevered yield: annual operating earnings after a furniture and equipment reserve divided by total investment, before interest.

This *rapport de synthèse*, or combined acquisition report, evaluates the fictional records supplied. No staff interviews, independent bank confirmations, authority decisions or site inspections were obtained. Figures identified as reported, quoted or claimed in Parts B–K and case tables are **case data**. Buyer estimates are labelled **assumption**. Other figures are calculations or cited public benchmarks. All euros exclude value added tax (VAT) unless indicated.

## Evidence received and its limits

| DATA ROOM | MATERIAL REVIEWED AS SUPPLIED | DECISION IT CAN SUPPORT |
|---|---|---|
| **A** | Public market references and an anonymous asking-price extract | Benchmark trading and challenge price. The extract cannot establish a completed sale. |
| **B–C** | Sale terms, company and hotel profile, annual rooms statistics, monthly season, channels, block booking and anonymous competitor report | Establish purchase perimeter, seasonality and commercial constraints. No booking-level export. |
| **D** | Broker's departmental presentation, annual accounts figures, year-end balance sheet, selected cash balances and current-year estimate | Rebuild earnings and design a closing statement. The 2026 figures include estimated winter costs. |
| **E–F** | Tax enquiry summary, accountant's exposure estimate, staffing, pay practices and two claims | Size protection and identify matters for specialists. The actual audit and payroll files remain incomplete. |
| **G–H** | Contract abstracts, loan terms, deeds and planning history as described, technical survey summary and works estimates | Identify consents, priority works and expenditure. No independent appraisal or new survey was commissioned. |

| DATA ROOM | MATERIAL REVIEWED AS SUPPLIED | DECISION IT CAN SUPPORT |
|---|---|---|
| **I–K** | Corporate and compliance summary, missing items, seller claims and buyer mandate | Test each claim against evidence and the family's operating plan. |

The five supplied examples informed the scope, earnings bridge, hotel valuation methods and decision tables. They supplied no legal, market or property evidence.

## Decision owners and missing evidence

| SIGN-OFF | REQUIRED BEFORE THE COMMITTEE RELIES ON THE FINDING |
|---|---|
| **French acquisition lawyer (*avocat*)** | Ownership and authority, enforceable sale terms, employee information, contract consents, seller security, licences and litigation. Appoint employment and tax specialists within that mandate. |
| **French chartered accountant (*expert-comptable*)** | Ledger-to-accounts reconciliation, 2026 close, payroll exposure, monthly cash and working capital, closing schedules and the bank model. The target's accountant should supply the evidence. The buyer's accountant should test it. |
| **French tax lawyer** | Audit correspondence, VAT, management fees, family benefits, property-rich status, cross-border ownership and tax filing responsibilities. Confirm the actual duty base and rates at signing. |
| ***Notaire*, a public official who authenticates deeds, and independent hotel valuer** | Title, boundaries, secured charges, easements, mortgage releases, property value and the allocation between building and business. |
| **Building surveyor and appointed specialists** | Inspect the roof, pool, fire works, accessibility, asbestos and tank. Obtain written positions from the authorities and quotations including design, taxes, contingencies and programme. |
| **Operator, lender and insurer** | Cost the management team and housing, verify the bookings, issue financing terms and bind insurance at replacement cost with suitable interruption cover. |

The missing originals include the pool file, full tax correspondence, average headcount, time records, accepted agency terms, current insurance valuation and any 2026 safety visit notice. Appendix A also requests ledgers, closing bank evidence, deposits, room plans, employment files and the rating decision.

## Purchase basis and evidence convention

The broker describes €12,000,000 as debt-free and cash-free with normal working capital (case data). This report treats it as **enterprise value** (EV), including the property. **Equity price** is what the shares cost after the closing adjustments. The committee must also fund the bank payoff and sufficient cash for trading.

**High** findings can stop closing or opening, or materially change price. **Medium** findings require a defined allowance or remedy. **Low** findings can be resolved in ordinary completion work. Scorecard colours assess whole workstreams.

KEY POINTS

- Make professional sign-offs conditions of expenditure or completion as specified.
- Use the 2026 estimate for current economics and reconcile it to the closed accounts before signing.
- Approve enterprise value, share consideration and total funding separately.

# 02
# The transaction and its structure

IN SHORT

*The operating company owns the real estate. Buying its shares preserves that ownership and the liabilities accumulated with it. Budget the higher property-rich transfer duty until an independent asset valuation and written French tax opinion establish the applicable rate.*

## What changes hands

SAS Villa Ambrine is a French simplified joint-stock company with €400,000 capital, created in 1987 (case data). The sole shareholder is the family holding company. Mrs B. owns 60% of that holding and Mr B. 40%. Their positions as chair and managing director end at completion. The buyer proposes a new French SAS owned by a UAE family holding. The transaction transfers 100% of the hotel company's shares. The same company continues to own the hotel, employ its staff, owe tax and hold its contracts. The five staff studios belong to a separate family property company. They do not enter the sale.

Schedule ownership and control separately. The hotel owns its freehold and alcohol licence, rents staff housing and relies on a departing officer's personal operating permit. Require transfer of banking powers, passwords, operating records and lawful access to guest information.[16, 30]

## Fix the mechanism before exclusivity

Use **completion accounts** to adjust an estimated equity price to actual balances at transfer. A **locked box** would fix the price at an earlier balance sheet and restrict subsequent payments to the seller. Neither December's cash nor the estimated October accounts reliably represents a March reopening.

Attach price definitions and a worked calculation to the sale agreement, the *protocole de cession*. Apply those definitions, then consistent historic policies, then French accounting rules. Set an objection deadline and independent accountant for accounting disputes. Prohibit interim dividends, new family fees, altered deposit terms and extraordinary supplier deferrals.

At closing, exchange payment for binding releases of the mortgage and business pledge. Deduct the repayment fee from seller equity unless the seller pays it externally. Use the bank's dated payoff statement.

## Share duty and the annual property tax are different tests

Article 726 of the French Tax Code generally charges 0.1% on transfers of SAS shares. A transfer of a qualifying unlisted **property-rich company** (*société à prépondérance immobilière*) attracts 5%. For this test, value the French immovable property and relevant real-estate interests at market value and compare with the gross market value of all assets. French tax guidance expressly counts property whether or not used for the company's own business. The test looks at the day of sale and, subject to statutory qualifications, at any time in the preceding year. A hotel owned and operated by the same SAS is no automatic exception.[1, 39]

At 31 December 2025 the book value of land and buildings was €6,850,000 gross less €2,950,000 depreciation = €3,900,000. Dividing by €5,925,000 total book assets gives 65.82%. This is a warning, not the legal calculation. Goodwill and the operating business can be worth more than their accounting values. The building can also be worth substantially more. Commission a separate land/buildings appraisal and a consistent operating-business valuation. Include the rest of the gross assets and relevant dates. Do not deduct the mortgage in the gross-asset test. Our duty scenarios use equity consideration, subject to superior market value, additional consideration or charges the law includes. At €6,701,200 model equity the two cases are **€6,701.20 and €335,060**, a €328,358.80 difference.[1, 39]

France also imposes a separate **annual 3% tax** in principle on entities holding French real estate, directly or indirectly, on 1 January. Under Article 990 E, an exemption for entities whose qualifying French real-estate assets represent less than 50% of their French assets excludes property used directly or indirectly in a qualifying non-property professional activity by the relevant entities. Active hotel operation therefore matters here. Trace the activity, asset use and ownership through the target, the new French holding and the UAE parent. Test family-reserved accommodation and any private use. Do not carry the Article 726 answer across to this regime.[2, 3]

Where the asset-use exemption does not dispose of the question, check treaty or assistance eligibility, disclosure or undertaking conditions, beneficial ownership and annual form 2746 where applicable, generally by 15 May. The French and UAE entities each need a documented conclusion. The family can keep its identity confidential from marketing counterparties while disclosing what authorities and lenders require. If €6,000,000 of property were fully exposed (assumption), the gross annual amount would be €180,000. The €6,000,000 is a tax sensitivity only. Insured value does not establish market value. Tax counsel should confirm exemption or compliance before signing and assign annual filing responsibility.[2, 3]

## Foreign investment screening and latent tax

The French Treasury tests the investor, transaction and target activity. A UAE-controlled French vehicle and a change of control warrant the first two checks. Ordinary hotel, restaurant and spa operations on the supplied facts do not identify a listed sensitive activity. Counsel should document this conclusion and ask about any defence, critical infrastructure or protected-data contracts before closing. Location in a heritage zone raises planning requirements under a different regime. A material undisclosed sensitive activity would change the clearance timetable.[4]

An asset purchase might establish new tax bases for purchased assets. A purchase of the shares leaves the existing inside basis. The case equates the property's tax value to its €3,900,000 net book value and records original land cost equivalent to €1,600,000. If a later taxable asset sale realised €7,000,000 for that property (assumption), gross gain before subsequent depreciation and costs would be €3,100,000. At a 25% illustrative corporate rate the associated tax would be €775,000. The seller's share sale does not trigger that inside gain today. A future buyer of shares may still discount it. Ask the notaire and tax lawyer to model an asset exit and a share exit at the family's expected holding date. No separate full €775,000 deduction appears in our equity bridge.[5]

KEY POINTS

- Require completion accounts and a bank-confirmed closing statement.
- Use 5% in the funding case until the Article 726 asset test supports a lower rate.
- Obtain a separate annual 3% tax analysis through the UAE ownership chain.
- Price the inherited property basis against the likely exit, without treating illustrative future tax as a present bill.

# 03
# Market and positioning

IN SHORT

*Peak demand is evident, but the hotel lost occupancy and relative pricing power in 2026. The family should value the existing four-star season. A five-star conversion or a longer opening period requires its own operating plan.*

## Demand in the right geography

The property has 26 keys, or saleable rooms and suites, in a residential lane about ten minutes' walk from the old port (case data). The 4,200 m² plot has 18 parking spaces. A pool, restaurant, bar, two spa treatment cabins and a meeting lounge support guest spend. The neighbours and local rules con-

strain outdoor entertainment. A 26-key hotel can fill quickly on summer weekends and still have substantial annual vacancy. Winter closure also leaves fixed property, insurance and permanent staffing costs in place.

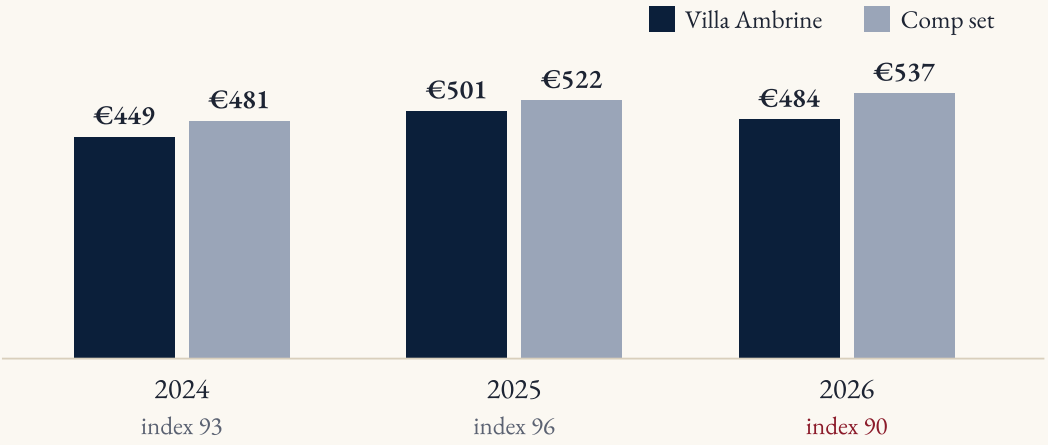
| PUBLIC REFERENCE | PUBLISHED OBSERVATION | USE HERE |
|---|---|---|
| **Alpes-Maritimes, all categories, July and August 2025** | July occupancy 86.8%, average room price €339.90. August occupancy 88.7%. | Evidence of coastal peak demand. Different department, category mix and year from the target's 2026 monthly results.[6, 7] |
| **Var, summer 2025** | Nights in collective tourist accommodation increased 0.6% versus 2024. | Department-wide overnight demand. Includes other accommodation types.[8] |
| **Var, summer 2026** | Local provisional assessment on 28 September was positive. The regional October hotel sample showed July occupancy 83.6% (+4.2 points), August 87.9% (−0.9 point). | Broadly flat August and a strong July can coexist with an individual hotel losing share. The samples and measures differ.[9, 10] |
| **French hotels, 2025** | RYDGE's September 2026 survey covers over 3,100 hotels. Price supported high-end performance, with substantial differences by location. | Evidence for testing rate and volume separately. A luxury cohort is not a forecast for this four-star.[11] |

## What guests paid and what competitors achieved

**ADR** means room revenue per sold night. **RevPAR** means room revenue per available night. An index of 100 matches the five anonymous peninsula comparators in the case. Verify membership, opening dates and room exclusions before the bank relies on it.

| CASE DATA | 2024 | 2025 | 2026 ESTIMATE |
|---|---|---|---|
| **Hotel occupancy / comparison set** | 75.8% / 72.0% | 79.4% / 74.0% | 75.1% / 73.5% |
| **Hotel ADR / set ADR** | €592 / €668 | €631 / €705 | €644 / €731 |
| **Hotel RevPAR / set RevPAR** | €449 / €481 | €501 / €522 | €484 / €537 |
| **RevPAR index, reported** | 93 | 96 | 90 |

REVPAR AGAINST THE COMPETITIVE SET




Revenue per available room against five anonymised competitors (fictional benchmarking report). The index fell to 90 in 2026: the hotel lost ground on both price and occupancy.

Hotel occupancy exceeded the set by 1.6 points in 2026, but ADR lagged by €87 (€731 – €644). The hotel's RevPAR fell €17 from 2025 while the set's rose €15. Test lost business, peak rate restrictions and any effect of the exceptional 2025 film booking.

## Distribution and the peak allotment

| SHARE OF ROOM REVENUE (CASE DATA) | 2023 | 2024 | 2025 | 2026 |
|---|---|---|---|---|
| **Online travel agencies (OTAs)** | 49% | 52% | 51% | 55% |
| **Direct** | 33% | 31% | 24% | 28% |
| **Travel agencies and tour operators** | 18% | 17% | 16% | 17% |
| **One-off film group** | — | — | 9% | — |

Direct share recovered in 2026 but remained below 2023. Compare bookings after commission, advertising, payment costs and refunds. Obtain the accepted online agency terms and confirm continuity of guest reviews and settlement accounts.

The Gulf travel agency can hold 400 July–August nights annually at €520 net and release unused rooms 21 days before arrival, through the end of 2028 (case data). That is 400 ÷ (26 × 62) = 24.81% of peak inventory if fully taken. Weighted realised July–August ADR was €1,213,040 ÷ 1,516 = €800.16. At that average the gross difference is €112,063 for 400 nights. Subtract 17.5% commission from the alternative ADR and the comparable gap is about €56,052. These are opportunity tests. The published average already contains any actual allotment sales, and a released night may sell late, at a different rate, or remain empty. No incremental gain is in the valuation.

Ask for pickup and release by stay date, then compare the net prices actually earned on returned rooms. Negotiate a shorter hold, smaller weekend block or higher rate against guaranteed pickup. Verify terms with the agency through an authorised introduction.

## Expansion claims

A 30% uplift on the €644 seasonal ADR implies €837.20. At unchanged 3,828 paid nights, headline incremental room revenue would be 3,828 × €193.20 = €739,569.60. Capacity, guest mix, service staffing and conversion closure would all affect that result. The current pre-inspection concerns retaining four stars. No accredited five-star gap assessment, costed operating standard, operator commitment or price-demand test supports the uplift. The underwritten increment is zero.

A March–November season, taken illustratively as 1 March–30 November, has 275 nights. Compared with the reported 196, that adds 79 × 26 = 2,054 available room-nights. To make €600,000 entirely in rooms at €365 per occupied night (assumption using October ADR), the extension needs approximately 1,644 paid nights or 80.03% occupancy. If rooms deliver only part of the €600,000, model the other departments' revenue and variable costs explicitly. October's existing occupancy was 44.1%. Ask an operator to price a short shoulder-season trial, including heat, security, housekeeping and staff housing. No value is assigned to the extension.

KEY POINTS

- The 2026 index of 90 indicates a rate problem despite above-set occupancy.
- Measure the Gulf contract against available net alternatives and actual pickup.
- Separate the existing four-star franchise from any future investment in repositioning.
- Exclude uncontracted season-extension revenue from debt sizing.

# 04
# Quality of earnings

IN SHORT

*The seller reaches €1.296 million by removing both family cost lines. The hotel still needs management. Our current operating case earns €937,750 before a recurring replacement reserve and €782,590 after it, with August family use continuing.*

## Three views of earnings

**EBITDA** means earnings before interest, tax, depreciation and amortisation. Here both family managers leave. Charge for their replacements and remove non-recurring earnings. Show the reserve for furniture, fixtures and equipment (FF&E) separately below EBITDA. The family's yield uses the lower figure.[13]

| BRIDGE, € | REPORTED 2025 | SELLER'S 2025 ADJUSTMENT | DELACOUR 2025 NORMALISATION |
|---|---|---|---|
| **Reported EBITDA (case data)** | 996,000 | 996,000 | 996,000 |
| **Remove chair and managing director pay** | — | +180,000 | +180,000 |
| **Terminate holding services fee** | — | +120,000 | +120,000 |
| **Replacement general manager and support (assumption)** | — | — | −170,000 |
| **Remove exceptional film contribution (assumption on costs)** | — | — | −208,500 |
| **Continuing family use of suites** | — | — | 0 |
| **Market staff rent less actual** | — | — | −36,000 |
| **Recurring incremental overtime and charges (assumption)** | — | — | −45,000 |
| **Annual brush clearing, if absent from existing costs (assumption)** | — | — | −12,000 |
| **Additional insurance premium (assumption)** | — | — | −15,000 |
| **Lost contribution from restricted events (assumption)** | — | — | −30,250 |
| **EBITDA before reserve** | **996,000** | **1,296,000** | **779,250** |
| **Reserve on adjusted sales, 4% (assumption)** | — | — | −149,320 |
| **EBITDA after reserve, investment measure** | — | — | **629,930** |

The seller's €1.3m rounds €1,296,000. The 2025 and 2026 bridges show the cost of employing management and sustaining the hotel. Neither bridge assigns earnings to proposed expansion.

## Individual adjustments and evidence to release them

**Management.** The €96,000 chair cost and €84,000 managing-director cost include social charges. The €120,000 holding fee comes from a 2019 agreement without evidence of time or deliverables. Remove all three only if the purchase agreement ends the mandates and service contract without residual compensation. Allow €140,000 fully loaded for an on-property general manager plus €30,000 for finance, revenue management and administrative support (assumptions). Obtain a

signed job description and competing quotations. A management-company bid may have a base fee, incentive fee, head-office charges and a separate on-site payroll. Compare the complete cost with €170,000. Do not add an entire management fee on top of an already inclusive proposal.[13]

**Film event.** Nine nights and 234 room-nights generated €210,000 rooms and €90,000 food and beverage (F&B) in June 2025. Subtracting all €300,000 from earnings would ignore the exceptional costs incurred to serve the production. We assume 80% incremental rooms contribution and 45% F&B contribution. Earnings removed = €210,000 × 80% + €90,000 × 45% = €208,500. The 2025 bridge gives no credit for hypothetical replacement guests. Full displacement by ordinary business would recover some lost contribution. Obtain the event invoice, outsourced costs, displaced bookings and comparable June pickup. A publicised buyout is neither recurring revenue nor necessarily pure incremental profit. The 9% channel share would imply €227,430 of rooms (€2,527,000 × 9%), above the €210,000 invoice description. Reconcile the €17,430 difference.

**Suites.** The sellers already use 42 August room-nights without charge. The buyer wants the same use. Current cash earnings contain no sale of those nights, so the adjustment is zero. Starting from paid public use and then deducting the benefit again would count the cost twice. If the rooms could sell at the stated €1,400, gross opportunity is €58,800. At an 80% incremental contribution and a 4% reserve on added revenue, the annual after-reserve opportunity is €44,688. Verify sell-through, acquisition cost and actual guest-night records. Tax treatment is a separate question from forgone income.

**Housing and payroll.** Market rent for the five studios is estimated at €60,000 versus €24,000 recorded. The €36,000 difference belongs in earnings for a buyer who does not own the studios. An enforceable €54,000 lease would improve earnings by €6,000 annually during its term. The €45,000 overtime allowance is incremental to season bonuses already expensed. It represents 1,500 extra hours at €30 loaded (assumption). It is a staffing budget, not an estimate of arrears. Only attendance, wage classifications and payslips can separate unpaid hours, recognised premiums and genuine performance bonuses.

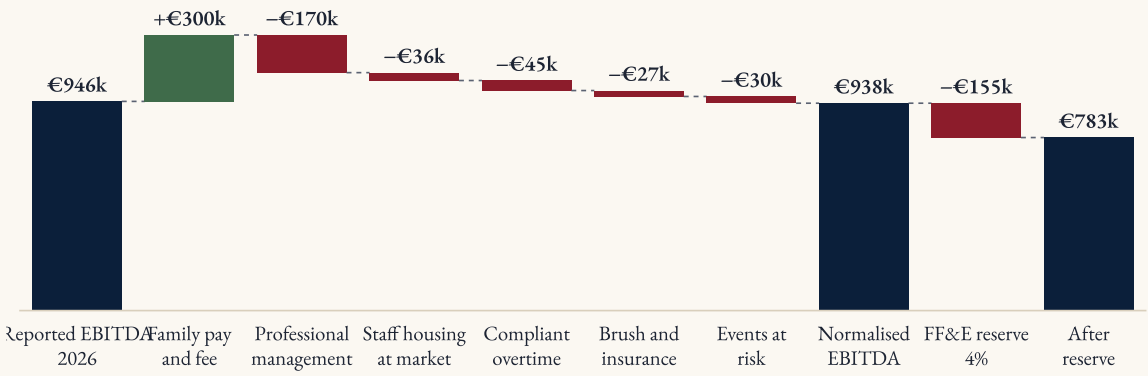
**Site and events.** The survey prices recurring brush clearing at €12,000 annually. Deduct it provisionally until a ledger proves full provision for comparable scope. The €15,000 insurance allowance is an additional annual premium above the €48,000 already booked. It is not a replacement-cost appraisal. The August 2025 municipal letter limits amplified music after 22:30. We assume half of the €110,000 2025 event revenue cannot be retained, with 55% incremental contribution. Deduct €55,000 × 55% = €30,250. The 2026 events split is unknown. Assume the same exposed revenue is in that year's book, then reverse the deduction to the extent the loss is already reflected. A meal served without late music may retain most of its contribution.

## Current run rate

| CURRENT-YEAR CALCULATION, € | AMOUNT |
|---|---|
| **2026 reported EBITDA, including estimated closed-season costs (case data)** | 946,000 |
| **Family pay and fee removed** | +300,000 |

| CURRENT-YEAR CALCULATION, € | AMOUNT |
|---|---|
| **Professional management, housing difference and overtime** | −251,000 |
| **Brush, insurance and event contribution** | −57,250 |
| **Normalised EBITDA** | **937,750** |
| **Adjusted sales = €3,934,000 − €55,000** | 3,879,000 |
| **FF&E reserve = €3,879,000 × 4%** | −155,160 |
| **Current earnings after reserve** | **782,590** |

NORMALISED EARNINGS, 2026




From the 2026 reported figure to the earnings the family can underwrite. Amounts from the table above.

Margins are €937,750 ÷ €3,879,000 = 24.17% before the reserve and €782,590 ÷ €3,879,000 = 20.18% after it. HVS reports European management contracts commonly provide for replacement reserves of 3–5% of gross revenue, with higher percentages generally associated with more upscale product. Four per cent is our mid-range assumption on adjusted operating sales excluding VAT. Current after-reserve earnings become €821,380 at 3% or €743,800 at 5%. The €1.15 million inherited refurbishment plan is separately funded. The reserve protects future replacement cycles and should exclude any new item actually paid from the acquisition works budget.[13]

KEY POINTS

- The earnings supported by the seller's arithmetic leave essential management uncosted.
- A 2025 stand-alone rebuild gives €629,930 after reserve. The 2026 underwriting figure is €782,590.
- Keep personal suite use, past tax exposure and foregone room revenue in separate schedules.
- Obtain management, housing, insurance and staffing evidence before upgrading earnings.

# 05

# Revenue and cost analysis

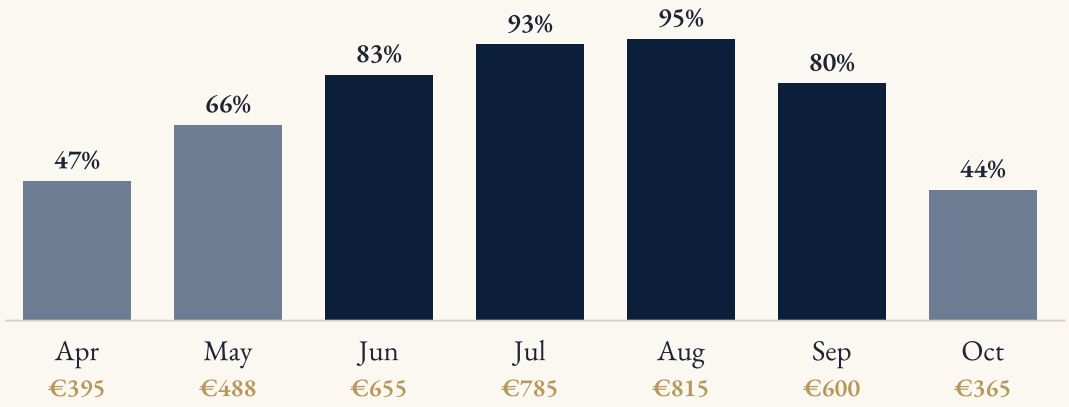
IN SHORT

*Peak months generate nearly half the room revenue. The annual average conceals a much weaker shoulder season. Food and beverage contributes to profit, but staffing and late-event restrictions limit the amount that can service a loan.*

## Rooms ledger and monthly performance

| CASE DATA EXCEPT CHECKS | 2023 | 2024 | 2025 | 2026 |
|---|---|---|---|---|
| **Open nights** | 192 | 194 | 194 | 196 |
| **Available nights, 26 keys × open nights** | 4,992 | 5,044 | 5,044 | 5,096 |
| **Sold** | 3,669 | 3,823 | 4,005 | 3,828 |
| **Occupancy** | 73.5% | 75.8% | 79.4% | 75.1% |
| **ADR / RevPAR** | €548 / €403 | €592 / €449 | €631 / €501 | €644 / €484 |
| **Posted room revenue** | €2,011,000 | €2,263,000 | €2,527,000 | €2,464,000 |

| 2026 CASE DATA | OPEN NIGHTS | AVAILABLE | SOLD | OCCUPANCY | ADR | ROOM REVENUE | CALCULATED REVPAR |
|---|---|---|---|---|---|---|---|
| **April** | 21 | 546 | 257 | 47.1% | €395 | €101,515 | €185.92 |
| **May** | 31 | 806 | 532 | 66.0% | €488 | €259,616 | €322.10 |
| **June** | 30 | 780 | 647 | 82.9% | €655 | €423,785 | €543.31 |
| **July** | 31 | 806 | 750 | 93.1% | €785 | €588,750 | €730.46 |
| **August** | 31 | 806 | 766 | 95.0% | €815 | €624,290 | €774.55 |
| **September** | 30 | 780 | 624 | 80.0% | €600 | €374,400 | €480.00 |
| **October** | 22 | 572 | 252 | 44.1% | €365 | €91,980 | €160.80 |
| **Season** | **196** | **5,096** | **3,828** | **75.1%** | **€644** | **€2,464,336** | **€483.58** |




Monthly occupancy (bars) and average daily rate (gold) for the 2026 season. July and August produce half of the year's room revenue. Fictional data room.

Monthly room sales equal nights sold × ADR. July and August contribute (€588,750 + €624,290) ÷ €2,464,336 = 49.22% of the season. The property management system (PMS) total exceeds the departmental accounts by €336. The case says "to 20 October" but lists 22 October nights. The interval 10 April–20 October inclusive is 194 days. The 196-day schedule has 52 more available room-nights. Using 194 days alone would give 3,828 ÷ 5,044 = 75.89% occupancy. Keep the reported series intact until the PMS daily-availability log resolves the discrepancy. Also reconcile paid, free, blocked and out-of-service suites. These definitions can change the competitive index without adding any cash.

## From revenue to operating profit

| €000, REPORTED CASE DATA | 2023 | 2024 | 2025 | 2026 |
|---|---|---|---|---|
| **Rooms / F&B / other sales** | 2,011 / 1,180 / 118 | 2,263 / 1,262 / 131 | 2,527 / 1,415 / 146 | 2,464 / 1,318 / 152 |
| **Total revenue** | 3,309 | 3,656 | 4,088 | 3,934 |
| **Total departmental costs** | 1,519 | 1,669 | 1,865 | 1,790 |
| **Undistributed operating costs** | 619 | 685 | 765 | 736 |
| **Gross operating profit (GOP)** | 1,171 | 1,302 | 1,458 | 1,408 |
| **Family salaries / holding fee / fixed charges** | 180 / 120 / 162 | 180 / 120 / 162 | 180 / 120 / 162 | 180 / 120 / 162 |
| **EBITDA** | 709 | 840 | 996 | 946 |
| **Depreciation / interest** | 398 / 90 | 412 / 82 | 431 / 74 | 440 / 67 |
| **Profit before tax / tax** | 221 / 51 | 346 / 82.25 | 491 / 118.5 | 439 / 105.5 |
| **Net profit / dividends** | 170 / 120 | 263.75 / 180 | 372.5 / 250 | 333.5 / 200 |

The hotel closed the 2026 operating season with €154,000 less total sales than 2025. Its departmental costs fell €75,000 and undistributed costs €29,000, giving a €50,000 fall in GOP. Fixed charges and family costs stayed unchanged, so reported EBITDA fell the same €50,000. Selling fewer rooms at higher rates can protect margin percentages while cutting cash profit. Removing the €300,000 film sale from 2025 gives a different comparison: €3,934,000 versus €3,788,000, up €146,000 or 3.85%. That comparison assigns no regular sales to the nine displaced nights.

| DEPARTMENTAL CONTRIBUTION AS % OF THAT DEPARTMENT'S SALES, CALCULATED | 2023 | 2024 | 2025 | 2026 | REFERENCE |
|---|---|---|---|---|---|
| **Rooms, after OTA commissions** | 73.45% | 72.91% | 73.05% | 72.36% | European HotStats sample about 72% in 2025 |
| **F&B** | 21.02% | 21.00% | 20.99% | 21.02% | European sample about 21% |
| **Other** | 55.08% | 54.96% | 54.79% | 55.26% | Mixed services. No matched benchmark established. |
| **GOP on total revenue, reported** | 35.4% | 35.6% | 35.7% | 35.8% | Europe about 36.5%, southern Europe about 41%, western Europe 33.3% in 2025 |

Compare expense classifications before interpreting the benchmarks, especially reservations wages, software and commission. Check invoice-level F&B allocations. Its contribution margin barely changes through four years despite the film booking and noise complaint.[12, 46]

## Payroll, agents and the restaurant

Reported employee payroll in 2026 was about €1,310,000, excluding family (case data), or 33.30% of €3,934,000 revenue. Including €180,000 family salaries gives 37.87%. Staff meals, uniforms and seasonal transport sit in departmental payroll. Do not compare these revenue percentages to commentary stating that labour can reach 45% of hotel **expenses**. A useful buyer measure is total payroll per paid night at comparable service levels, together with hours actually worked. The €45,000 in Chapter 4 is a provisional increment pending this analysis.

| OTA CHECK, € | 2023 | 2024 | 2025 | 2026 |
|---|---|---|---|---|
| **Room sales × OTA share × 17.5% standard commission** | 172,443 | 205,933 | 225,535 | 237,160 |
| **Commission expensed** | 172,000 | 206,000 | 226,000 | 237,000 |

The 2026 check is €2,464,000 × 55% × 17.5% = €237,160, against the €237,000 booked. This supports the bulk expense. It does not detect unrecorded incentives, refunds, programmes bought for better placement or withheld receipts. Moving five points of room revenue from OTA to direct, at the same gross price, would avoid €2,464,000 × 5% × 17.5% = €21,560 before direct selling costs. Treat this as a test investment with a measured acquisition cost.

The restaurant earned €1,318,000 less cost of sales €382,000, payroll €580,000 and other costs €79,000 = €277,000 contribution in 2026. Breakfast is bundled for about 60% of bookings, with €38 per guest allocated to breakfast (case data). Moving €1 from rooms to F&B raises reported restaurant revenue by €1 while leaving hotel revenue unchanged. Compare breakfast covers, stand-alone menus, event invoices and stock usage. Ask which banquets use bedrooms, which events can move indoors, and whether capacity and permissions allow that move. The €110,000 event figure is 2025 revenue, not quantified lost profit for every future year.

## Operating sensitivities

| INDEPENDENT TEST (ASSUMPTIONS) | EFFECT ON CURRENT €782,590 AFTER RESERVE |
|---|---|
| **Paid room revenue down 10%, unchanged 80% incremental rooms margin, 4% reserve flexes** | –€2,464,000 × 10% × (80% – 4%) = –€187,264, leaving €595,326 |
| **GM/support costs €200,000 instead of €170,000** | –€30,000, leaving €752,590 |
| **All €110,000 of event sales lost instead of half, same incremental margin** | Additional loss €55,000 × (55% – 4%) = €28,050, leaving €754,540 |
| **Seller signs €54,000 housing lease at completion** | +€6,000 while the terms last, giving €788,590 |
| **Family releases suites and all sell as assumed** | +€44,688, giving €827,278 |
| **Room downside, higher management cost and full event loss together** | €782,590 – €187,264 – €30,000 – €28,050 = €537,276 |

The rooms shock holds other departments constant. For a threatened closure or rating lapse, rebuild sales and staffing by week. A lost July has different cash consequences from a lost April.

KEY POINTS

- The October dates and departmental allocations require a PMS-to-ledger reconciliation.
- Rooms carry the operating result. The restaurant contributes €277,000 before shared costs.
- Channel changes have value only after the cost of replacing the booking.
- The combined downside reduces post-reserve earnings to €537,276 before interest and tax.

# 06

# Net debt and working capital

IN SHORT

*A March closing is near the deepest cash draw shown in the data room. An undefined zero working-capital target is unsuitable. We propose a provisional March peg of negative €640,000 and separate reopening liquidity. Both require current monthly evidence.*

## Closing statement and treatment

**Net working capital** means ordinary operating assets less ordinary liabilities, including guest advances. A **peg** is the agreed target. Equity changes by actual working capital less the peg. A deposit-funded seasonal business can have a negative peg and still need opening cash.

| BALANCE OR OBLIGATION | EVIDENCE AND MODEL TREATMENT | ECONOMIC OWNER |
|---|---|---|
| **Term loan** | €2,150,000 at December 2025, €1,960,000 at October 2026. Use €1,960,000 at model closing (assumption), replace with lender statement. | Deduct principal from equity. Buyer refinances once. |
| **Early payoff** | 3% × €1,960,000 = €58,800. Draft offer omits who pays. | Charge to seller via equity bridge, paid once to bank at closing. |
| **Cash and overdraft** | December 2025 cash €1,010,000. March 2026 month-end negative €290,000, peak draw €310,000. Assume March 2027 overdraft €290,000 and zero free cash. | Deduct actual bank debt net of transferable unrestricted cash. |
| **Tax inspection and repeat years** | No provision. Audited years €90,000–€210,000. Four-year scenario €180,000–€420,000 including interest and penalties. | Specific indemnity secured from seller proceeds. No duplicate price deduction. |
| **Labour cases** | €27,000 and €21,000 claimed. No provision. Future compliant staffing is a different expense. | Secure both in seller indemnity. Add undisclosed historic payroll after review. |
| **Guest deposits** | €185,000 at December 2025, about €690,000 at May 2026. Treat ordinary advances as working capital. | Deliver bookings and associated obligations. Any excess refund exposure outside ordinary operations requires separate treatment. |
| **Fire works** | €140,000 quote on six doors and alarm. Assume buyer pays contractor with seller-funded price credit. | Deduct €140,000 once, include the same project once in works funding. |
| **Other items** | Identify shareholder balances, accrued interest, unpaid dividends, capital invoices, exceptional arrears and restricted cash. | Classify each once as debt-like, working capital or separate protection. No assumed balance without evidence. |

Historic cash illustrates why a December locked box would mislead. January 2026 ended at €420,000, March at −€290,000, May at €640,000, August at €1,820,000 and October at €1,240,000. The August-to-March spread shown in the series is €2,110,000. It measures seasonal cash variation across different months, not a required permanent cash injection. Separate guest-funded cash, cash reserved for tax and cash freely available to repay acquisition debt. Confirm whether directors withdrew any dividends after the dates supplied.

## A usable March peg

| OPERATING ITEM, € | DECEMBER 2025 REPORTED OR PROVISIONAL CLASSIFICATION | NORMAL MARCH MODEL (ASSUMPTION) | ILLUSTRATIVE CLOSING (ASSUMPTION) |
|---|---|---|---|
| **Inventory** | 95,000 | 125,000 | 125,000 |
| **Trade receivables** | 60,000 | 45,000 | 45,000 |
| **Prepayments** | 40,000 | 55,000 | 55,000 |
| **Suppliers** | −310,000 | −315,000 | −365,000 |
| **Ordinary tax/social/payroll** | −420,000 | −280,000 | −280,000 |
| **Guest advances** | −185,000 | −215,000 | −215,000 |
| **Other ordinary payables** | −77,500 | −55,000 | −55,000 |
| **Net** | **−797,500** | **−640,000** | **−690,000** |

The March columns are transparent modelling assumptions, not reconstructed management balances. They allow higher pre-opening inventory, reduced receivables and a different deposit/payroll cycle. The assumed €50,000 excess in closing suppliers is an illustration of price protection. At closing, subtract €690,000 of net liabilities against a €640,000 target, giving a €50,000 downward adjustment. Budget a matching €50,000 to restore the business to its normal position. With a zero peg, the same delivery would deduct €690,000 and transfer normal seasonal financing to the buyer without negotiation.

Before agreeing a number, rebuild monthly working capital for the last three available seasons. Compare March to March, adjust for opening date, booking conditions and supplier cut-offs, then agree account-by-account inclusions with examples. Identify corporation tax, capital suppliers and late amounts inside the €420,000 and €77,500 lines. They are all treated as operating **only for the December illustration**. Reclassify historic corporate income tax or exceptional debt outside the peg and avoid counting it twice. Require aged guest deposits by stay date, refund terms, vouchers and outstanding disputes, reconciled to the bank and PMS.

## From enterprise value to seller consideration

| € | LOWER PRICE TEST | RECOMMENDED | WALK-AWAY CEILING | SELLER ASK |
|---|---|---|---|---|
| **Enterprise value** | 8,500,000 | 9,200,000 | 9,700,000 | 12,000,000 |
| **Term debt and overdraft** | −2,250,000 | −2,250,000 | −2,250,000 | −2,250,000 |
| **Early repayment fee** | −58,800 | −58,800 | −58,800 | −58,800 |
| **Seller-funded fire credit** | −140,000 | −140,000 | −140,000 | −140,000 |
| **Working-capital difference** | −50,000 | −50,000 | −50,000 | −50,000 |
| **Illustrative equity price** | **6,001,200** | **6,701,200** | **7,201,200** | **9,501,200** |

FROM ENTERPRISE VALUE TO THE PRICE OF THE SHARES




At the recommended €9.2m enterprise value. €650,000 of the share price is proposed to be held in escrow.

Gross share consideration includes any amount paid to escrow. At the recommended price a proposed €650,000 holdback leaves €6,051,200 payable freely to the seller, subject to final balances. If the seller delivers and pays for compliant fire works before closing, restore the €140,000 credit and remove that project from buyer uses, then recalculate duty on actual consideration. The agreed economics should

work whether the contractor invoices just before or just after the transfer. The family also needs a committed seasonal line: the existing €400,000 overdraft renews annually and cannot be treated as available after change of control without the bank's consent.

KEY POINTS

- Replace every proxy with bank letters, reconciled monthly ledgers and a completion cut-off.
- Deliver ordinary guest deposits through working capital. Secure exceptional claims separately.
- Insist on a defined seasonal peg and committed opening liquidity.
- €9.2 million of enterprise value gives €6,701,200 illustrative equity consideration before escrow.

# 07 Tax

IN SHORT

*The tax inspector has asked substantive questions about three practices. No provision is recorded, and the same practices continued after the years under review. Require a specific seller indemnity for pre-closing periods and sufficient collectible security. Do not accept "routine" as an estimate of exposure.*

## An open audit belongs in the price negotiations

On 12 June 2026 the company received an *avis de vérification de comptabilité*, notice of an examination of its accounting records, covering 2023 and 2024 (case data). The last examination in 2014 closed without reassessment. A different result eleven or twelve years ago is weak evidence about the 2019 holding-company contract or the present allocation of room packages. The open file has neither a final assessment nor a closing letter. The buyer would acquire the taxpayer itself. A contractual promise from the seller gives the buyer a means of recovering a loss. It does not restrict the tax authority's powers.[19]

Ask tax counsel to obtain the complete notice, period and taxes covered, accounting-file requests, all questions, replies, meeting notes and any formal proposed adjustments. Verify what has already been sent in the company's name. Distinguish informal questions from a *proposition de rectification*, a reasoned proposal to reassess. In the ordinary adversarial procedure a taxpayer generally has 30 days from receipt of that proposal to respond, with a further 30 days on timely request where the rules permit. A notice of audit and a formal proposal serve different purposes, including for limitation. Put an agreed contact and deadline diary in place for the period between signing and completion.[19, 40, 47]

| ISSUE | EVIDENCE AND INDICATIVE EXPOSURE | PROTECTION |
|---|---|---|
| **Holding-company services** | €120,000 charged annually without time records or deliverables. A full corporation-tax disallowance at 25% costs €30,000 per year, €60,000 for the two audited years or €120,000 over four, before ancillary amounts. Illustration within the envelope below. | Specific indemnity for tax, interest, penalties where lawfully recoverable, defence costs and related VAT consequences. End the arrangement at completion. |
| **Breakfast and packages** | About 60% of bookings include breakfast. The PMS allocates €38 per guest. Headcount, sale terms and tax coding by element are missing. A split between two services both taxed at 10% creates no rate difference by itself. | Reperform sample invoices and sales ledgers. Indemnify pre-closing errors. Correct the PMS prospectively and preserve the audit trail. |
| **Free August suites** | Two suites × 21 nights × €1,400 = €58,800 annual public-rate equivalent. This is neither the automatic taxable benefit nor VAT due. Beneficiary status, company purpose, actual provision and the tax base require evidence. | Specific indemnity for pre-closing corporate, VAT, remuneration and social consequences, with credit for amounts already recovered elsewhere. |
| **Recurrence into 2025–26** | Same practices in later periods. These years are outside the stated notice. No amount has been assessed or accrued. | Cover all periods before transfer, including the pre-closing portion of 2027 if the practices continue. Preserve access to former managers. |

Test invoices, cash transfers and contemporaneous work against the holding's mandate and the two officers' duties. Check input VAT separately. Removing €120,000 of future fees and facing €30,000 of possible historic tax are distinct effects.[5, 19]

For breakfast, French hotel accommodation normally bears 10% VAT. Food served for immediate consumption, including ordinary breakfast, generally also bears 10%. Alcohol generally bears 20%. Additional services can retain their own rate, or follow a principal supply if the legal single-supply and ancillary tests are met. Review standalone breakfast, inclusive offers, minibar, spa and transfers, as well as cancellations and credit notes. If €10,000 of receipts **including VAT** were wrongly at 10% instead of 20% (assumption), extra output VAT at a fixed guest price would be €10,000/1.10 – €10,000/1.20 = €757.58. Applying a 10-point difference to all €38 allocations would materially misstate the exposure.[20, 21]

For private suites, obtain folios, beneficiaries, approvals, reimbursements and actual August room availability. Tax counsel must identify any benefit, corporate deduction, VAT and social implications. Resolve the buyer's future booking and charging policy before the first private stay.

## Range, security and tax after the sale

| AUDIT SCENARIO, € | LOWER | UPPER | MEANING |
|---|---|---|---|
| **2023–24, target accountant's estimate including interest and penalties (case data)** | 90,000 | 210,000 | Aggregate for all topics. No reliable issue-by-issue split supplied. |
| **2025–26, repetition of the two-year range (assumption)** | 90,000 | 210,000 | Equal period used as a proxy, not a forecast of identical guest use or penalty rates. |

| AUDIT SCENARIO, € | LOWER | UPPER | MEANING |
|---|---|---|---|
| **Four-year aggregate** | **180,000** | **420,000** | Excludes any separately established 2027 exposure and unquantified defence costs. |
| **Illustrative security for these four years** | 420,000 | 420,000 | Ring-fenced within the proposed €650,000 escrow. Remaining indemnity obligations survive release as agreed. |

Require an issue-by-year schedule of tax, interest, penalties, payments, appeal deadlines and documentary support. The four-year €120,000 fee illustration sits inside the €420,000 scenario. Pay indemnities when the buyer must pay tax, allowing for later refunds. Prevent the seller from settling an issue that binds future returns.

The company currently uses the 15% corporate rate on the first €42,500 of qualifying profits and 25% above it. The reduced slice requires, among other conditions, eligible turnover, fully paid share capital and the required 75% individual ownership directly or through qualifying ownership. The turnover ceiling is €10 million, with group questions where relevant. The new French holding interposes a UAE corporate owner. Ultimate family ownership is not enough to establish that every interposed entity qualifies. Obtain the chain, ownership of each tier, group turnover and capital records. Underwrite 25% until tax counsel confirms otherwise. For €439,000 2026 profit the case tax is €105,500. At 25% it would be €109,750, or €4,250 more. This is a post-tax cash issue, not an EBITDA adjustment.[5]

## Tourist tax

The local tax is collected for the municipality. For a classified four-star hotel in 2026 the tariff is **€3.74 per liable person per night**, made up of €2.60 municipal, €0.26 departmental and €0.88 regional. The latter two are 10% and 34% of the municipal component, rounded as published. The €6.91 Palace tariff does not apply. For two taxable adults for three nights the hotel collects 2 × 3 × €3.74 = €22.44, outside hotel revenue. Obtain returns and proof of payment for 2023–25, the 2026 filings and booking-level exemptions, including minors and relevant seasonal workers. Use the correct rate for each year. Reconcile platform collections to avoid both omission and double payment. If classification lapses, check the then-current unclassified tariff before taking bookings.[15]

Indemnify pre-closing undercollections. Keep ordinary guest-funded tax payables in working capital and disputed historic assessments in the indemnity. Confirm the 2027 tariff with the municipality before opening.

KEY POINTS

- Secure up to €420,000 of the four-year scenario within escrow and retain a separate indemnity.
- Disaggregate actual package sales before estimating VAT. Breakfast at the same rate as the room does not create a rate shortfall.
- Budget the full corporate rate pending ownership-chain confirmation.
- Reconcile tourist tax using liable guest-nights, not sold room-nights.

# 08 Employment and social matters

IN SHORT

*Two existing claims total €48,000. A wider issue is whether peak-season pay and representative-body obligations have been understated. Keeping the same employing company preserves contract history. Replacing the two directors does not replace the employer.*

## The workforce the buyer would inherit

Nine permanent employees hold *contrats à durée indéterminée* (CDI), or open-ended employment contracts. Seasonal employees hold *contrats à durée déterminée saisonniers* (CDD), fixed-term contracts for genuinely seasonal work. Peak seasonal staff number 30, with 14–20 in shoulder months (case data). The permanent team includes the front office manager, head chef, sous-chef, head housekeeper, maintenance manager, administration/accounts, reservations/sales, night porter and gardener. Two staff keep the property during winter closure. Ask where the other permanent employees' contracts, paid leave, duties and remuneration sit in the winter budget. Do not infer they have ceased employment.

A share sale leaves the SAS as the same employer. Employment contracts continue with seniority, pay and accrued rights. Article L1224-1 addresses a transfer to a different employer of a qualifying business or economic entity. This share transfer alone does not require staff to sign fresh contracts.[23]

Mrs B. has no employment contract. Verify whether Mr B. holds any duties under a separate contract from his corporate office. Obtain resignations, termination terms, unused holiday where applicable, delegation records and evidence the holding's fee also ceases.

## Wage scale, records and seasonal recurrence

The national hotels, cafés and restaurants collective agreement is **HCR**, identification number 1979. Part A's approximate lower-grade rates are insufficient for November. The wage grid under amendment 36 took effect on 1 November 2026. The published level I rates are €12.31, €12.37 and €12.47 gross hourly across steps 1–3. Level II step 1 is €12.58. Apply the higher of the legal minimum and the relevant contractual minimum, using the grid in force when the work was performed. The November scale does not retroactively establish the summer rate. Obtain each worker's level and step, contracted hours, meals and benefits, night work and payslip. Verify that current management estimates cover the new scale for winter staff.[17, 48]

Check each seasonal role, dates, signed contract, prior seasons and offers or refusals of re-employment. Some contracts expressly offer a return. HCR article 14 and statutory rules can give recurring workers rights to continued seasonal employment. Have counsel assess potential reclassification and agree the 2027 recall timetable.[24, 49]

A flat seasonal bonus does not demonstrate that every overtime hour, premium and rest entitlement was honoured. Under the usual HCR weekly schedule, hours 36–39 attract a 10% premium, 40–43 a 20% premium and hours from 44 a 50% premium, subject to lawful alternative arrangements and applicable compensating rest. Reconcile rosters, sign-in sheets, kitchen close, night desk relief and event operations to payslips. Test daily and weekly rest, split shifts and any working-time averaging agreement. Missing time-clock equipment is not itself a finding that every hour is unpaid. The missing reliable record prevents measurement.[25]

For a €15 hourly wage (assumption), four first-band and two second-band hours cost $4 \times €15 \times 1.10 + 2 \times €15 \times 1.20 = €102$ gross if wholly unpaid. If basic hours or premiums were already paid, calculate only the shortfall. Sample peak and shoulder weeks. The €45,000 forward allowance does not settle historic arrears.[18, 25, 27]

## The representative threshold and the sale process

The *comité social et économique* (CSE) is the employee representative body. An employer generally must establish it when at least 11 employees are reached for 12 consecutive months. The legal calculation is not a December headcount. Under Labour Code Article L1111-2, qualifying fixed-term workers count in proportion to presence during the preceding twelve months, with rules for part-time workers and exclusions including certain replacements. The headcount for a different tax or social regime need not be the CSE headcount. Use the right legal measure.[26, 50]

Nine full-time permanent employees plus 30 qualifying full-time seasonals present for two months give a presence proxy of $9 + 30 \times 2/12 = 14.0$ before shoulder work (assumption). Test each relevant month over twelve consecutive months, including part-time hours and replacement exclusions. Obtain election records or a formal record of unsuccessful elections.

A sale of 100% of the shares is a transfer of majority control. From 27 July 2026, the direct-information procedure generally applies to a qualifying SAS with fewer than 50 employees and to one with at least 50 but no CSE. At 50 or more with a CSE the representative consultation procedure applies.

Here the likely direct-notice minimum is **one month**, previously two. The purpose is to allow an employee offer. An earlier sale may be possible if all employees expressly decline. There is no general employee entitlement to buy on equal terms. Counsel must determine the applicable headcount, representative procedure, exact event constituting sale and treatment of seasonal staff employed at the relevant date. Do not assume the month can always be run between a binding February agreement and March completion. Evidence should show receipt by all required recipients and compliance before the relevant commitment. Confidentiality arrangements must allow the statutory process.[16, 22]

## Claims, key people and housing

| EXPOSURE | WHAT IS KNOWN | REQUIRED ACTION |
|---|---|---|
| **Former seasonal restaurant employee** | €27,000 for overtime and missed rest. March 2027 hearing. Seller's lawyer expects partial success. | Obtain pleadings, time evidence, hearing outcome or updated counsel letter. Cover award, settlement and defence under a specific indemnity. |
| **Former night porter** | €21,000 for night premiums and unfair dismissal. Conciliation failed. | Obtain termination file, premium analysis and next procedural date. Secure the full claimed amount pending assessment. |
| **Related payroll exposure** | Last social contribution inspection in 2019 resulted in €4,200 adjustment. No wider quantified provision. | Obtain inspection closure and returns. Negotiate protection for historic hours and contributions beyond the named cases. |
| **Key positions** | Chef is 52 with 14 years' service. Another approach is reported. Front office manager is 38. | With consent, interview both, establish career plans, document substitutes and retain access to recipes, suppliers and bookings. No covenant assures continued employment. |
| **Housing** | Five studios house up to ten seasonal employees. Lease ends 31 October 2027. Seller's €54,000 annual offer for three years is unsigned. | Execute the lease before closing. Confirm assignment, lawful occupancy, utility charges and inspection rights. Obtain alternative housing quotes. |

The two claims add to €48,000 before unquoted costs. No reliable probability weighting is possible on the supplied correspondence. An escrow allocation of €48,000 secures headline principal. The indemnity should also address defence costs and agreed consequential social charges. Employment counsel should identify any other filings and the appropriate period for separate claims. Unpaid wages generally carry a three-year limitation, while dismissal and other actions can have different clocks. Social contribution reassessment normally has a three-year period, with longer periods in relevant cases such as concealed work. Do not label the bonus practice concealed work without evidence of the legal elements.[18, 27]

Secure a signed housing lease with first-season access before completion. The underwriting retains market rent of €60,000 because the proposed concession lasts only three years. Obtain staff retention terms and alternative accommodation costs.

KEY POINTS

- Verify the rolling headcount and any CSE election obligations.
- Separate historic overtime claims from the annual cost of compliant staffing.
- Obtain a direct retention conversation and a succession plan for the chef.
- Secure housing and staff-sale information before the relevant legal deadlines.

# 09 Corporate, contracts and licences

IN SHORT

*The company survives the share sale, but the bank can demand repayment, and the alcohol permit is personal. Make the facility release, operating authority, insurance and management appointments effective together at closing.*

## Corporate authority and completion deliverables

The room says the 2019 articles and share register are current, the seller owns every share and no shareholders' agreement exists. Ask counsel for the current registry extract, articles, chronological share movements, individual shareholder account, beneficial-owner declarations, corporate approvals and any pledges over shares. Check title to all shares against the holding's own authority to sell. The mortgage and pledge over the hotel business are separate from a possible share pledge. A clean share register does not establish unencumbered property.[16]

Inspect minutes and approvals for related-party fees, housing and dividends. Reconcile declared dividends to payments and balances owed at closing. Obtain shareholder confirmations, releases and a covenant against new family charges before completion.

Transfer bank authorities and credentials under dual control. Use a signed payment statement naming each recipient. Independently verify changes in settlement instructions.

# Contract decisions

| CONTRACT OR RELATIONSHIP (CASE DATA) | WHY CONTINUITY NEEDS VERIFICATION | ACTION FOR CLOSING OR PRICING |
|---|---|---|
| **2022 term loan** | €3.15m drawn, 12 years, fixed at 3.1%, stated €250,000 annual principal repayments. Balance €1.96m at October 2026. Change of control gives the lender rights. | Obtain amortisation, interest cut-off, formal payout and security releases. Do not extrapolate the March payoff from a rounded repayment schedule. |
| **€400,000 overdraft** | Annual January renewal. Facility and security may be affected by refinancing. | Written replacement seasonal facility or committed equity liquidity. Pay down actual overdraft separately. |
| **Online agents** | Standard terms are mentioned but actual accepted versions and merchant/agency models are missing. | Obtain signed or electronically accepted versions, commission tables, change-of-control notices, payment reserves and rate restrictions. |
| **Gulf agency** | €520 net, 400 peak nights, release 21 days, through 2028. No change-of-control clause in the abstract. | Read executed English contract and amendments, governing law and dispute terms. Verify pickup, net rate, tax allocation and deposits. No upside unless renegotiated. |
| **Laundry and power** | Laundry runs to 2027, power price fixed through December 2027. | Check minimum volume, service remedies, indexation and exit costs. Obtain renewal quotes before budgeting beyond expiry. |
| **Beach-club relationship** | 10% commission on guest spend, no signed agreement. | Match receipts to third-party statements. Obtain written continuation or exclude unsupported earnings. Other revenue totals €152,000 in 2026 but its commission portion is unknown. |
| **PMS and booking engine** | Annual cloud licence. Data hosted in the EU. | Verify renewal, data-export rights, supplier access, backup, breach notification and controller/processor terms. Obtain credentials without sharing guest files unnecessarily. |
| **Insurance** | Building insured for €6m, valuation unchanged since 2019. | Insurer's rebuild appraisal, including professional fees and heritage costs. Bind replacement and interruption cover with written treatment of outstanding works. |

France's Tourism Code protects an hotelier's freedom to offer customers discounts or tariff benefits in its online-platform arrangements. Read the current law, accepted contracts and programmes together. Ranking fees, member-only discounts and inventory availability restrictions can affect net price even if a contractual price-parity clause is unenforceable. The operating model assumes neither a right to terminate nor an immediate shift to cheaper channels. For the beach club, if €100,000 annual guest spend were evidenced, a 10% commission would be €10,000 gross before costs (assumption). Without spend data there is no separate value for that relationship.[45]

If rebuilding cost €8m (assumption), €6m insured would cover 75% of that value. Actual settlement depends on policy terms. Obtain rebuild valuation, declared use, deductibles, exclusions, interruption period and evidence of disclosure of leaks and neighbour complaints.

## Alcohol, data and accessibility

A **licence IV** permits qualifying service of stronger alcoholic drinks on the premises. The company holds the licence but Mr B. alone holds the *permis d'exploitation*, the operating permit obtained through training. A new manager cannot rely on his personal certificate. Check the original licence and declarations, classification of the bar and restaurant, permit validity, any interruption in licensed operation and any local conditions. Change of operator or manager can require a declaration at least 15 days in advance. The permit is generally valid for ten years, with renewal training. Obtain a trained incoming operator, timely filing and receipt. Do not assume that unchanged company ownership removes the manager-change procedure.[30]

Recurring guest and payroll processing requires a GDPR review. Obtain the processing register, publish the booking privacy notice and check purposes, retention, guest rights and vendor access. EU hosting alone cannot establish lawful access from the UAE. Use aggregate family-office reporting.[28]

The public accessibility register is missing. Have the operator assemble it, including access information, relevant certifications, exemptions if any, and staff information or training records. Administrative compliance is separate from making bedrooms and bathrooms accessible in practice. A renovated bathroom without evidence for the register still leaves an administrative gap. A completed register does not establish the technical works comply. Assign the surveyor the physical test and the avocat the public-access and operating requirements. The last food-safety inspection in June 2024 was rated satisfactory (case data). Review the report, corrective actions, current food controls and change-of-management responsibilities.[29]

KEY POINTS

- Obtain releases for the mortgage and business pledge as part of a single settlement.
- Condition alcohol service on a qualified incoming operator and the required declaration.
- Obtain the agency terms, insurer's rebuild valuation and lawful data access.
- Keep unsupported partner commission out of any additional goodwill valuation.

# 10

# Real estate, permits and regulatory matters

IN SHORT

*The 2020 filing does not cover what was built. The last fire visit left two requirements outstanding, and the four-star award expires immediately after reopening. A favourable engineering summary on the structure of the pool cannot settle planning legality, public safety or classification.*

## Title, boundaries and the pool

Ask the notaire to reconcile the 1987 and 1990 deeds and 1990 garden-wing permit with the parcel, present footprint, easements, charges and access. Title ownership is distinct from authority for the 2021 works. The surveyor should overlay measured drawings on the approved plans.

| POOL SITE EVIDENCE (CASE DATA) | PERMITTED OR RECORDED | BUILT OR OUTSTANDING |
|---|---|---|
| **Pool house** | Prior declaration in 2020 for 20 $m^2$, no opposition | 38 $m^2$ built, an extra 18 $m^2$ or 90% above the filed area |
| **Pool** | Original basin 60 $m^2$ | Enlarged to 85 $m^2$ in 2021, an extra 25 $m^2$ |
| **Stone deck** | No authorisation identified in room | 120 $m^2$ built |
| **Completion** | No declaration attesting completion and conformity (DAACT) | Completion date, evidence of lawful conformity and authority file still required |
| **Neighbour** | August 2025 letter to town concerning pool house | Obtain original and all municipal responses, visits or orders |

Identify the precise heritage designation and whether the state heritage architect's agreement is binding. In a *site patrimonial remarquable*, a formally protected heritage area, external works can require this approval. The case assumes heritage review. Assess the entire pool, deck and building project under the actual local rules.[34]

The first route is an as-built survey and a pre-application discussion with the planning authority and heritage service. Submit the correct regularisation application covering the actual works or a physically achievable amended design. Regularisation means asking for approval of work already done under the applicable planning rules. A receipt acknowledges filing. It does not grant approval. Establish appeal and withdrawal risk, any posting requirements, conditions to perform remedial work, and evidence of final conformity. Include the neighbour's letter in the file. One alternative is an agreed return to a lawful configuration, independently costed and funded by the seller. A mere promise to file after transfer leaves the family holding the operating disruption.

## Limitation does not provide an operating permit

As of November 2026, the ordinary criminal period for planning offences is generally six years from provable completion. A municipality's civil action to bring works into conformity or seek demolition generally has a ten-year period. Neighbour claims have their own basis, time limits and starting points. Administrative treatment of historic irregularities when new permission is sought is a different question. A ten-year rule has exceptions, notably construction without a required building permit, and protected status needs particular review. The absence of a DAACT does not by itself prove that work was never factually completed. It makes proof and conformity harder.[33, 34]

On the stated 2021 completion, simple six- and ten-year anniversaries fall in 2027 and 2031. Confirm precise completion, any interruption and civil proceedings. The neighbour's letter proves awareness of a complaint. Its procedural effect requires counsel's review. Expiry alone cannot guarantee lawful retention or rebuilding.[33]

## Fire and the four-star award

The hotel is an *établissement recevant du public* (ERP), a building open to the public. The case classifies it as type O for hotel use, with type N restaurant, fourth category. Use that classification for underwriting and obtain the official decision and authorised occupancy. Under the GE 4 inspection schedule the ordinary cycle for a fourth-category type O establishment is three years, subject to the competent authority's arrangements. The last visit on 14 March 2023 was favourable with four requirements. Two remain, covering six fire doors and the alarm. The ordinary March 2026 point has passed and no new visit is documented. A favourable opinion with requirements is not permanent clearance, and a late visit does not itself establish a closure order.[31, 32]

Request the security register, full minutes, inspection reports, maintenance certificates, fire strategy, evacuation plan and the status of the two completed items. Arrange written contact with the mayor's office and fire-safety commission, through the seller and its adviser. Ask what works must precede occupancy, when a visit can be held and what interim measures would be accepted, if any. The €140,000 estimate is the project allowance, not a guaranteed price or an authority decision. Ordinarily the autumn-to-April closure is less than ten months. The separate reopening authorisation test for a closure longer than ten months, or relevant building works, still needs checking if the programme changes.[31, 32]

The four-star classification granted 12 April 2022 expires **11 April 2027** (case data). French classification is voluntary, lasts five years and requires an accredited assessment under the applicable grid. Four- and five-star processes include a mystery visit. A September pre-inspection identified seven shortfalls. Six are said to be offsettable through points. One mandatory accessibility shortfall remains. Obtain the actual grid, evidence that other criteria can compensate, an accredited inspection booking and the timetable for the formal decision. A builder's completion certificate, a classification application and an award are distinct milestones. If renewal cannot precede expiry, establish whether there is any recognised transitional position in writing. Otherwise remove the expired designation from sales channels and re-underwrite rates, bookings and tourist tax.[14, 15, 29]

# Other site obligations

| ISSUE | EVIDENCE AND QUANTIFIED ALLOWANCE | DECISION AND VERIFIER |
|---|---|---|
| **Amplified music** | Town letter dated 22 August 2025 requires it to stop at 22:30. Relevant events produced about €110,000 of 2025 F&B sales. | Obtain complaints, operating conditions and event-level margins. Plan lawful earlier or indoor alternatives. Lawyer and operator verify. |
| **Brush clearing** | The case assumes a 50 m obligation and cites a 2024 reminder. €12,000 annual allowance, not capitalised. | Map the legally required area, possible adjoining land and access procedure under Var rules. Document work and continuing maintenance. Landowner, surveyor and planning counsel verify.[35] |
| **Asbestos** | Survey in 2005 found asbestos in the boiler-room flue. Structures date from 1962 and 1991. €35,000 allowance before work there. | Obtain the current asbestos technical file and pre-works survey for the actual intervention. The presence of asbestos does not automatically require immediate removal everywhere. Specialist and surveyor confirm access, contractor and waste evidence.[36] |
| **Underground fuel tank** | Conversion to other heating in 2018. Tank not emptied or neutralised. No certificate. €18,000 estimate. | Determine capacity, location, former regulatory regime and leakage risk. Require professional decommissioning and certification. Soil remediation is unpriced. Environmental adviser and avocat verify applicable ERP or installation rules.[37, 51] |

The 2004 fuel order excludes ERP sites from its direct scope. Current ERP article CH 17 refers to selected parts of that order for fixed storage. Counsel must identify the rule applying to this tank and its 2018 retirement, including decommissioning and contamination. Require certification and an uncapped-by-budget historic environmental indemnity.[37, 51]

KEY POINTS

- Make lawful retention or acceptable seller-funded reinstatement of the pool complex a closing condition.
- Require written operating clearance and documented closure of outstanding fire requirements.
- Treat four-star renewal, public accessibility and five-star ambition as separate decisions.
- Retain an environmental indemnity for historic contamination beyond the tank allowance.

II

# Technical review and capital expenditure

IN SHORT

*Allow €1,466,000 for identified works, including €813,000 scheduled before the 2027 opening. The immediate decision is whether contractors, the safety authority and the rating assessor can deliver a lawful, saleable hotel by April. A budget alone cannot secure that date.*

## Five-year works programme

The October survey summarised in Part H gives costs and technical priorities (case data). The timing subdivisions below are our proposed cash programme (assumption). Year one is the 2027 season. Obtain design drawings, enabling works, tender comparisons, VAT treatment and a schedule of rooms taken out of sale. The estimates contain no verified provision for contamination, pool reinstatement, substantial hidden defects or loss of trading.

| WORK AND PURPOSE | BEFORE OPENING 2027 | YEARS 1–2 AFTER OPENING | YEARS 3–5 | EVIDENCE FOR AUTHORISING PAYMENT |
|---|---|---|---|---|
| **Six fire doors and alarm, outstanding safety requirements** | €140,000 | — | — | Fire specialist specifies scope. Commissioning records and authority position required. |
| **Four-star retention and refurbishment, including accessible accommodation, bathrooms and façade** | €620,000 | €230,000 | €300,000 | Assessor identifies mandatory work. Architect distinguishes access obligations, points and commercial improvements. Agree heritage approvals before commitment. |
| **Roof terraces, two reported leaks** | — | €95,000 | — | Investigate wet insulation and concealed damage now. Accelerate before opening if risk to guests or rooms. |
| **Boiler flue asbestos allowance** | €35,000 | — | — | Pre-works specialist determines intervention. Sequence before contractors disturb the area. |
| **Retired underground fuel tank** | €18,000 | — | — | Qualified contractor's certificate and environmental specialist's assessment. Soil works excluded pending investigation. |
| **Pool filtration, subject to lawful retention** | — | — | €28,000 | Replace in **year three** at the latest. No expenditure on equipment for a pool that must be removed. |
| **Total** | **€813,000** | **€325,000** | **€328,000** | **€1,466,000** |

Six of the seven rating deficiencies may be offset by points according to the pre-inspection. The full €1,150,000 proposal is a programme for the building, including 16 bathrooms and two accessible rooms. The assessor identified one mandatory deficiency. Require an itemised quote before treating all proposed refurbishment as mandatory. Refurbishment of rooms last updated in 2014 is already included. The kitchen was renovated in 2022 and the survey describes it as good. Keep its maintenance contracts, with no separately identified kitchen replacement. Brush clearing remains an annual operating cost. The €155,160 recurring reserve provides for ordinary future replacements beyond this funded backlog.[13, 14]

## The opening decision

A 31 March completion leaves ten calendar days to a 10 April opening (assumed planning dates), with the rating expiring the following day. Fire-door procurement, alarm testing, accessible bathrooms, heritage review and contractor access require a programme starting under the seller's ownership. Require the seller to permit surveys, commissioning and lawful works before transfer. Agree who contracts, who insures, who pays if the transaction fails, and who owns each paid invoice. A buyer instruction to commence work on someone else's property creates avoidable exposure.

Separate authority clearance to receive guests from a rating decision. For this underwriting the family needs both a safe opening and the four-star product on which it has priced the rooms. If the assessor requires an operating visit, agree the lawful sequence in writing. If uninterrupted classification cannot be secured, return to committee with an unclassified trading budget, booking cancellation analysis and a revised price before completion. Give the independent surveyor authority to withhold sign-off for unsafe or incomplete work. A contractor's promise to return after opening is insufficient evidence for taking guest money.

KEY POINTS

- Start the critical works and secure authority positions during exclusivity.
- Commission technical and environmental investigations before agreeing a fixed capital budget.
- Limit the inherited fire adjustment to the amount borne once by the seller.
- Keep pool regularisation, contamination and five-star conversion outside the funded works until priced.

# 12
# Valuation and price

IN SHORT

*Offer €9,200,000 of enterprise value for the four-star freehold business. The illustrative share price is €6,701,200. Our hard ceiling is €9,700,000 of enterprise value on the same assumptions and protections. Further costs or lower verified earnings reduce it.*

## What the three methods value

An operating hotel with its land and building produces a combined income stream. The following methods value that entire interest before financial debt. Adding a separate building valuation to the capitalised earnings would charge the family twice for occupying the property. A separate property appraisal is still necessary for duty, insurance, lender security and the latent gain on a future sale. A French specialist should distinguish the *murs*, the property, from the *fonds*, the operating business, and reconcile their separate values to the whole.[42]

| METHOD | INPUTS AND CALCULATION | DECISION USE |
|---|---|---|
| **Operating multiple** | €937,750 before reserve × 9, 10 and 11 (assumption) = €8,439,750, €9,377,500 and €10,315,250 | Buyer's sensitivity for a managed freehold. The range is not a published multiple of recent local sales. The offer represents 9.81 times. |
| **Capitalised income** | €782,590 after reserve ÷ 8.5%, 8.0%, 7.5% (assumptions) = €9,206,941, €9,782,375, €10,434,533 | Stabilised four-star income assuming lawful operation. The low end supports the offer. Continued eligibility to open is essential. |
| **Price per available room** | €12,000,000 ÷ 26 = €461,538 at ask.<br>€9,200,000 ÷ 26 = €353,846 at offer.<br>€9,700,000 ÷ 26 = €373,077 at ceiling | Part A gives a 12-room four-star property-company **asking** price of €6.6m, or €550,000 per room. Neither the business perimeter nor final consideration is comparable enough to set price. |

Whitebridge's February 2026 valuer survey gives French non-gateway vacant-possession yields of 7.2% for upscale hotels and 6.1% for luxury. Vacant possession means the purchaser can take operational control. These references are closer to the buyer's interest than the rental yield on a hotel leased to a large operator. Applied mechanically to €782,590 they produce €10.87m–€12.83m. The survey covers regions and operating formats beyond seaside resorts. We could not verify a public, current yield series restricted to French seasonal resort hotels sold with their buildings. Our 7.5%–8.5% range is an underwriting judgement reflecting 26 rooms, seasonal earnings, management change and the property file. Ask a French hotel valuer for anonymised completed transactions, income definitions, costs included and dates before raising the offer.[41, 42]

At €600,000 per key, the seller's claim implies €15,600,000 for 26 keys. The Part A advertisement implies €14,300,000 only if a 12-room property-company asking ratio is transplanted without adjustment. Neither establishes an exchange price. The residential indication of about €15,278 per square metre in Part A is for a different use. No hotel floor area suitable for that comparison is given. Multiplying a residential price by 4,200 square metres of garden land would seriously overstate the evidence for that method.[52]

## From the ask to an offer

| STEP | ENTERPRISE VALUE OR ADJUSTMENT |
|---|---|
| **Seller's proposed enterprise value** | €12,000,000 |
| **Reduction required to meet 6.5% on total investment at current earnings, Appendix C** | −€2,239,564 |
| **Calculated maximum, rounded to nearest euro** | €9,760,436 |
| **Additional reduction to hard negotiation ceiling (assumption)** | −€60,436 |
| **Ceiling if all conditions and current economics hold** | €9,700,000 |
| **Opening negotiation margin for delivery and residual uncertainty (assumption)** | −€500,000 |
| **Recommended enterprise value** | **€9,200,000** |
| **Funded debt, fee, expected working-capital shortfall and inherited fire works, Chapter 6** | −€2,498,800 |
| **Illustrative gross equity price** | **€6,701,200** |

At the ask, €12m ÷ €1.296m seller earnings is 9.26 times. The same price ÷ €937,750 is 12.80 times before the reserve or 15.33 times after it. The arithmetic of "under ten" works only with the seller's denominator. The family must pay the replacement manager, restore the asset and service the debt. Give no separate price credit for hoped-for higher stars, extended seasons or a change in allotment terms. They would require the buyer's money, work and risk.

KEY POINTS

- Use the current four-star freehold's operating profit as the principal evidence for price.
- Require independently documented sale prices and their operating perimeter before relying on a room multiple.
- Fund the identified capex in the total-investment test and settle seller credits through the equity bridge.
- Reopen the ceiling whenever an assumption worsens. A material opening failure can end the deal at any price considered here.

# 13 Financing and the buyer's returns

IN SHORT

*At the offer, the family would provide €7,300,460 and a French lender €4,140,000. All identified works and reopening liquidity are funded. The family-use yield is 6.84% at the offer and 5.42% at the ask. The narrow margin at the ceiling leaves little capacity for new costs.*

## Sources and uses

We interpret the buyer's 55% equity and 45% loan plan as applying to the core enterprise price, with the family funding all additional uses (assumption). This gives a lower loan share of the total investment. No seller credit, tax rebate or unused overdraft is included in sources. The working-capital restoration and opening cash serve different purposes. One cures a modeled delivery shortfall. The other protects trading through the spring cash trough.

| € | OFFER | CEILING | ASK |
|---|---|---|---|
| **Gross equity price, including escrow** | 6,701,200 | 7,201,200 | 9,501,200 |
| **Refinance legacy principal and overdraft** | 2,250,000 | 2,250,000 | 2,250,000 |
| **Pay early-repayment fee** | 58,800 | 58,800 | 58,800 |

| € | OFFER | CEILING | ASK |
|---|---|---|---|
| **Fund five-year identified works** | 1,466,000 | 1,466,000 | 1,466,000 |
| **Opening cash and restoration of working capital** | 400,000 + 50,000 | 400,000 + 50,000 | 400,000 + 50,000 |
| **Duty on share consideration at 5%** | 335,060 | 360,060 | 475,060 |
| **Legal, accounting and technical fees at 1.5% of EV (assumption)** | 138,000 | 145,500 | 180,000 |
| **Lender arrangement fee at 1% of new loan (assumption)** | 41,400 | 43,650 | 54,000 |
| **Total uses** | **11,440,460** | **11,975,210** | **14,435,060** |
| **Acquisition loan** | 4,140,000 | 4,365,000 | 5,400,000 |
| **Family equity** | **7,300,460** | **7,610,210** | **9,035,060** |

The family should reserve the entire works budget even where invoices fall in later years. A committed revolving facility may sit undrawn alongside the opening equity cushion. Interest on a future draw would reduce cash available for service. Obtain a VAT funding schedule as contractors may require gross cash before input VAT is recovered. Add irrecoverable VAT, financing costs outside the allowances and any contamination, planning or overrun budget to the denominator as soon as established.

## Loan terms and ability to pay

Assume fixed 5% nominal interest over 15 years, fully amortising monthly from the first month, with no balloon (assumption). The September 2026 Banque de France series gives 3.69% for new credits above €1m, 3.78% across new bank credit to non-financial companies, and a 183-month average property-credit term in its July breakdown. Professional hotel-finance guidance also distinguishes longer maturities on purchases including the property. None is an offer for a newly incorporated holding. Underwrite a premium for seasonal trading and completion risk. Obtain written covenants, security, working-capital facility, availability conditions and acceptable distributions before signing.[43, 44]

| ANNUAL MEASURE | OFFER | CEILING | ASK |
|---|---|---|---|
| **Loan service, principal plus interest** | €392,866 | €414,218 | €512,434 |
| **Post-reserve earnings ÷ loan service** | 1.99× | 1.89× | 1.53× |
| **With €120,000 annual cash tax (assumption)** | 1.69× | 1.60× | 1.29× |
| **Post-reserve earnings ÷ total uses** | 6.84% | 6.54% | 5.42% |
| **Same yield if all family suite nights sell on model terms** | 7.23% | 6.91% | 5.73% |

DOES THE PRICE MEET THE FAMILY'S TARGET?




Unlevered yield: €782,590 of earnings after the reserve divided by total investment (price, duty, fees, works and liquidity).

At the offer the suites cost up to €44,688 in annual contribution after reserve, or 0.39 percentage points on total investment. The cash-tax case is a sensitivity, pending a full depreciation, interest and group-tax schedule. The after-tax figure is still before unmodelled cash movements and holding costs. A bank will test monthly liquidity, debt service and legal cash transfers from the SAS to the acquisition holding. Have counsel confirm permissible distributions, security and restrictions on target support for buying its own shares. Historical dividends of €200,000 in 2026 do not demonstrate capacity to remit €392,866 on the new schedule.

At €9.2m, the combined operating downside in Chapter 5 gives €537,276 ÷ €392,866 = 1.37 times before tax, or 1.06 times after the illustrative tax. The corresponding unlevered yield is 4.70%. Budget cash by week through opening and around each loan date. An annual surplus cannot fund a March repayment from August receipts that have not arrived. Request the ownership chart, beneficial owners, source and path of funds, bank confirmations and transfer timetable from the UAE vehicle under restricted access.

KEY POINTS

- Fund €11,440,460 at the offer, including seller consideration, legacy bank, works, liquidity, duties and fees.
- Keep family suite use in the base case and agree its tax treatment before any private stay.
- Obtain a binding loan and a legal route for servicing it from seasonal earnings.
- At the ceiling, only about €64,636 of additional one-off investment would exhaust the return margin.

# 14

# Red flags and contractual protections

IN SHORT

*Insist on seller-funded protection for past tax and payroll, and actual resolution of anything that could prevent lawful opening. A promise to compensate the family is worth little if the funds have left the selling holding or the hotel misses its season.*

## Decision register

Each row gives its primary contractual treatment. Amounts are exposures, adjustments, recurring earnings or security, as specified. Adding them would mix different periods and count some risks twice. A *condition suspensive* is a condition before closing. A *séquestre* is money held by an independent escrow holder. A *garantie d'actif et de passif* (GAP) is the seller's contractual protection against specified historical liabilities or deficient assets. French counsel should draft these remedies and the payment mechanics under French law.[16, 38]

| # | FINDING | AREA | SEVERITY | ESTIMATED € IMPACT | EVIDENCE | RECOMMENDED TREATMENT | WHO CONFIRMS |
|---|---|---|---|---|---|---|---|
| 1 | Earnings remove management and exceptional costs | Price | HIGH | €1,296,000 seller figure vs €937,750 current pre-reserve | C3, D1 | Price adjustment | Accountant, operator |
| 2 | Pool, deck and pool house exceed authorisation | Planning | HIGH | Cure or reinstatement and lost trading unpriced | H1, neighbour letter | Condition before closing | Planning avocat, architect, authority |
| 3 | Safety visit overdue and two requirements open | Safety | HIGH | €140,000 works plus unpriced closure | H2 | Condition before closing | Surveyor, safety specialist, mayor |
| 4 | Four-star classification expires immediately after planned opening | Classification | HIGH | €620,000 first phase within €1.15m | C, H2 | Condition before closing | Accredited assessor, operator |
| 5 | Audit and repeat practices | Tax | HIGH | €180,000–€420,000 four-year scenario | E, incomplete correspondence | Specific indemnity | Tax avocat, accountant |
| 6 | Existing loan and security survive share transfer | Financing | HIGH | €2.25m assumed debt plus €58,800 fee | D2–3, G | Condition before closing | Both banks, avocat, notaire |
| 7 | Zero peg and guest-funded cash | Working capital | HIGH | €50,000 example against – €640,000 peg | D2–3 | Price adjustment | Accountant |

| # | FINDING | AREA | SEVERITY | ESTIMATED € IMPACT | EVIDENCE | RECOMMENDED TREATMENT | WHO CONFIRMS |
|---|---|---|---|---|---|---|---|
| **8** | Share-duty classification | Tax | HIGH | €328,358.80 difference at offer | B, D2, E | Price adjustment | Tax avocat, hotel valuer |
| **9** | Housing and key operating staff unsecured | People | HIGH | €36,000 recurring rent uplift, chef loss unpriced | F1, H1 | Condition before closing | Employment avocat, GM |
| **10** | Prior hours, two labour cases and contributions | Employment | HIGH | €48,000 claimed plus unquantified wider liabilities | F1–2 | Specific indemnity | Employment avocat, payroll accountant |
| **11** | Insufficient security for claims | Seller recourse | HIGH | €650,000 proposed cash security | B, E, F | Escrow | Avocat, escrow holder |
| **12** | Rebuild value and interruption cover incomplete | Insurance | HIGH | €6m declared, €15,000 annual premium uplift assumed | G | Condition before closing | Broker, insurer, surveyor |
| **13** | Operator's personal alcohol permit ends with departing manager | Licence | HIGH | Bar contribution unsegmented | C, I | Condition before closing | Avocat, incoming operator |
| **14** | Uncontrolled contamination or incurable planning block | Property | HIGH | Unbounded beyond €18,000 tank allowance | H1–2 | Walk away | Environmental specialist, planning avocat |
| **15** | General undocumented historic liabilities | Corporate | MEDIUM | Proposed cap €1,340,240 at offer | B, D2, I | GAP | Acquisition avocat |
| **16** | Late events, peak allotment and online distribution | Commercial | MEDIUM | €30,250 event contribution removed, €56,052 theoretical net allotment gap | C3, G, H1 | Price adjustment | Operator, accountant |
| **17** | Working hours, employee notice and missing headcount evidence | Employment process | HIGH | €45,000 recurring staffing allowance, historic procedural cost unpriced | F, I | Condition before closing | Employment avocat |
| **18** | Roof, asbestos, filtration and partial brush clearing | Building | MEDIUM | €95,000 + €35,000 + €28,000 works, €12,000 annual clearing | H2 | Price adjustment | Surveyor, environmental specialist |
| **19** | Guest-data and accessibility records incomplete | Operations | MEDIUM | Remediation unpriced beyond known works | I | Condition before closing | Privacy adviser, access specialist |
| **20** | Undocumented beach commission | Other revenue | LOW | 10% commission on unknown base | G | Price adjustment | Accountant, operator |

For item 8 the buyer is the economic payer in this model. Retain the high-duty pricing case unless counsel confirms the lower rate. For item 19 the condition is an evidenced lawful opening, guest notices and an agreed remediation plan for bounded administrative defects. Do not postpone a mandatory improvement affecting guest safety. Quantify every unresolved item before any decision to relax its treatment.

## Counter-proposal to the seller

The seller offers a 10% GAP for 18 months without security. On illustrative equity that is €670,120. The open tax process alone could consume a large part. The seller is a holding company whose cash may be distributed. Require sight of its assets, existing pledges and authority, and meaningful recourse if it distributes proceeds. A French GAP with disclosures, contractual remedies and security replaces reliance on a US form of representations and warranties.[16, 38]

| TERM | BUYER'S PROPOSED INSTRUCTION TO COUNSEL (ASSUMPTIONS) |
|---|---|
| **Ordinary GAP** | 20% of final gross share consideration, €1,340,240 at the offer. €5,000 minimum individual claim, linked claims aggregated. €25,000 tipping basket, payable from the first euro once exceeded. General survival 36 months. |
| **Title and authority** | Up to full share consideration. Exclude fraud and intentional concealment from negotiated monetary or time limits to the extent permitted by law. Identify the actual payer if the selling company is wound up. |
| **Specific indemnities** | Separate from general cap, threshold and disclosures for pre-closing tax and social questions, both labour claims and their associated costs, pool/planning history, historic tank contamination and related-party arrangements. Negotiate costs, recovery procedures and lawfully indemnifiable consequences. Include the pre-closing portion of 2027. |
| **Security** | €650,000 from seller's proceeds: €420,000 earmarked for tax, €48,000 for named labour claims and €182,000 for other claims. Seek an additional €700,000 first-demand bank guarantee (assumption), with agreed renewal or draw mechanics. Security supports the obligation. Its amount does not limit specific indemnities. |
| **Release and control** | Release tax and labour allocations only on final settlement or documented expiry with no live claim. Release other security in stages after accounts, inspection and claims review. Retain sums for timely notified matters until determined and paid. Give both parties participation rights without allowing the seller to miss a deadline or settle in the hotel's name. |

For ordinary corporation tax and VAT, use the relevant underlying reassessment period plus a 90-day notification margin (assumption), extended for interruption, special rules and all live proceedings. For a calendar 2026 ordinary item the usual third-year end is 31 December 2029. A pre-closing 2027 period can reach 31 December 2030 before the extra margin. Social contribution clocks, service of notices, payroll claims and dismissal deadlines differ. Have counsel calculate the last relevant dates and make the protection survive notified claims. For 2021 unauthorised works, the indicative six- and ten-year anniversaries fall in 2027 and 2031 if the stated completion date and ordinary rules apply. Use final resolution of the actual proceeding and a specific longer tail where the permit exception, civil claim or authority action warrants it. An expiry date cannot legalise works.[18, 27, 33, 40]

## Seven seller claims

| # | SELLER'S POSITION | ASSESSMENT | WHY IT MATTERS |
|---|---|---|---|
| 1 | €1.3m adjusted EBITDA makes the ask under ten times | PARTLY SUPPORTED | €996,000 + €300,000 = €1,296,000 and 9.26×. Replacement management, unusual revenue and sustainable costs give 12.80× current pre-reserve earnings. |
| 2 | Five stars will lift rate by 30% | UNSUPPORTED | €837.20 implied ADR. No accredited five-star plan, demand study, funded service specification or evidence of occupancy at that rate. |
| 3 | March–November brings €600,000 additional revenue | UNSUPPORTED | Illustrative rooms-only test needs 80.03% occupancy in added nights at October's €365. Actual October occupancy was 44.1%. No additional-cost forecast. |
| 4 | Pool and pool house are fully permitted | UNSUPPORTED | The supplied 20 m² declaration does not describe the 38 m² building, enlarged pool or deck. No completion declaration supplied. |
| 5 | The routine audit will have no consequence | UNSUPPORTED | The inspector raised three specific issues. The accountant estimates €90,000–€210,000 for the notified period. |
| 6 | Coastal comparables sell for €600,000 per room | UNSUPPORTED | €15.6m implied. One €550,000-per-room asking reference has a different perimeter. No completed matched sale. |
| 7 | Staff are loyal and the chef will stay | PARTLY SUPPORTED | Fourteen years' chef service supports past continuity. No retention commitment, reported approach from a competitor and housing dependence. |

KEY POINTS

- Separate the remedies for identified historic matters from the general GAP.
- Secure the seller's promise with cash and an enforceable additional guarantee.
- Require written delivery of safe opening, permits, management and staff housing.
- Credit none of the seller's unproved growth claims in the offer.

# 15
# The first 100 days

IN SHORT

*Appoint the manager and settle the opening conditions while the seller still controls the company. Once the shares transfer, the family office needs a reliable view of cash, guest commitments, safety and staffing before it can judge the first season.*

## Responsibility and evidence of completion

Day zero is the actual transfer date. The following timetable is a proposed operating plan (assumption). The next season's bookings may already have been sold. The manager should know which room, service, star category and cancellation terms were promised to each guest. Changes to those promises belong with the operator and booking channel before they reach reception as complaints.

| PERIOD | ACCOUNTABLE LEAD | WHAT MUST BE DELIVERED |
|---|---|---|
| **Before transfer** | Deal lead, avocat and surveyor | Signed housing agreement, named management, bank and insurance binders, permits and fire status, agreed opening classification, contractor sequencing and approved cash budget. Any slippage returns to the committee before release of funds. |
| **Day 0–1** | New chair, GM and accountant | Replace bank and spending authorities. Take witnessed meter readings, stock count, deposit and reservations archive. Transfer emergency contacts, keys, logins, vendor access and daily cash reconciliation. Issue the closing funds statement and identify every open indemnity matter. |
| **Days 2–10, before admitting guests** | GM, maintenance manager and safety lead | Check doors, alarms, evacuation practice, accessible route, water systems, food hygiene and premises insurance. Verify operating permit and filings, staffing, training, assessor timetable, and correct public rating. Record a signed opening decision. |
| **Days 11–30** | GM, front office and chef | Compare actual opening to booking promises. Reconcile folios and cash every day. Contact seasonal returners, inspect housing, start hour recording and resolve disputed shifts promptly. Test package and tourist-tax coding using actual invoices. |
| **Days 31–60** | Revenue manager and controller | Measure pickup, cancellations, commission and net rate by channel. Compare agency block with released inventory, date by date. Test direct offers within acquisition-cost limits. Reprice food menus using actual covers, payroll and waste. |
| **Days 61–100** | GM, controller and family office | Present the first operating forecast and debt-service calendar. Reconcile completion accounts and claims. Reinspect roof and brush clearing, tender winter works, and decide the next capital release using the first season's bookings and cash. |

The operator should report cash and the coming 13 weeks of receipts and payments every week during opening (assumption). In the monthly committee pack show sold and available rooms, direct and agency net ADR, pickup and cancellations, department contribution, paid hours against schedules, guest deposits, claims, capex committed and cash available after reserve. Identify any room lost to works and any reservation cancelled because the advertised classification or facilities changed. A lower occupancy figure can be preferable to selling rooms that cannot be delivered.

The family's suite reservations should enter the booking system under an approved, limited-access policy. Record nights, market evidence, private-use settlement and any tax borne by the beneficiaries. Report only aggregate guest data to the family office unless additional access has a documented legal basis. Keep the five-star investment as a separate decision with a guest demand study, permission strategy, operating budget, capital programme and downside case. The committee can make that decision after seeing a full season under independent management.

KEY POINTS

- Treat safe opening, staff housing and continuity of management as pre-completion work.
- Give the GM authority to delay admissions and refer material changes directly to the committee.
- Monitor cash, net channel performance, payroll and capital commitments through the first season.
- Require a separate investment decision for any five-star conversion.

*Appendix* A

# Data room index and seller requests

IN SHORT

*The case record is a summary of evidence across workstreams. Several original documents remain outstanding. A seller response should identify the original, its date and its owner, or confirm in writing that it does not exist.*

## Private data room

Client-supplied fictional case, opened 4 November 2026 and reported as at 19 November 2026. A contains public market references. B sets the share perimeter, timetable and proposed warranty. C and C1–4 cover the hotel, opening, rooms, channels, allotment and benchmark set. D1–3 contain departmental accounts, year-end balance sheet and seasonal cash. E covers tax. F1–2 cover employment and claims. G describes contracts and finance. H1–2 contain property, permits and the technical summary. I records corporate and compliance evidence and omissions. J contains the seller's seven claims. K sets the family's funding, return, management and privacy requirements. All target-specific facts are fictional.

## Prioritised requests to the seller

*01* Provide original title deeds, registry searches, company extract, share movements, corporate approvals, beneficiary details and evidence of all pledges.

*02* Deliver the measured pool, deck and pool-house drawings, 2020 filing, as-built survey, completion evidence, all municipal and neighbour correspondence and an architect's written regularisation or reinstatement route.

*03* Deliver fire commission minutes and requirements, evidence of two closures, the 2026 convocation or written confirmation of status, test records, revised works programme and authority position.

*04* Provide the rating decision, confidential pre-inspection, mandatory criteria, phase-one scope, access register, accessible routes, quotes and assessment appointment.

*05* Provide the entire tax-audit correspondence with proof of receipt, responses and procedural dates. Include the accountant's exposure workings and subsequent-period analysis.

*06* Deliver annual financial statements, trial balances, monthly operating ledgers, 2026 final accounts when ready and January–March 2027 update. Identify every forecast winter entry.

07 Deliver daily reservation, room availability, guest folio and channel exports. Reconcile the film group, complimentary suites, October dates, cancellations and breakfast allocations.

08 Deliver payroll declarations, job classifications, seasonal contracts, evidence of re-employment offers, bonus calculations, actual hours, rest and the monthly headcount and elections file.

09 Provide pleadings, counsel's updated claim assessments, next hearing dates, any other demand, insurance correspondence and the previous social inspection outcome.

10 Provide the staff housing title or grant of use, existing lease, occupancy and condition reports, utility charges, and signed replacement terms. Arrange authorised retention discussions with the chef and front office manager.

11 Deliver all bank statements, debt schedules, cash restrictions, security releases, repayment fee and facility renewal letters. Confirm all shareholder balances, distributions and exceptional payments.

12 Deliver monthly working capital by account and age, bookings against guest deposits, refundable vouchers, capital creditors and ordinary versus overdue tax and payroll.

13 Deliver share-duty asset valuations, separate operating and property values, fixed-asset tax ledger, owner-use treatment, and historic real-estate tax and tourist-tax filings.

14 Provide the accepted OTA conditions, travel-agency agreement and pickup, cash settlements, laundry and energy renewals, beach commission evidence and personal-data processor contracts.

15 Provide insurance appraisal and claims history, proposed replacement policy, tank records, asbestos file, roof evidence, brush-clearing maps and signed contractor quotes.

16 Deliver licence IV records, manager permits, food-inspection report, privacy records, operating procedures, guest complaints and all notices relevant to the next opening.

17 Provide the seller holding's accounts, security proposal, bank guarantee draft, escrow instructions, employee-sale notices and proof of receipt.

18 Provide the operators' bids, manager transition plan, pre-booked 2027 events and cancellations, and evidence for the three commercial assertions on stars, season length and comparable sales.

# *Appendix* B

# Assumptions and proposed terms

IN SHORT

*Each underwriting choice below can be replaced with a verified amount. A quote or lawful approval can change both earnings and price. Unpriced items subject to a closing condition carry no assumed cure value. Failure sends the decision back to the committee.*

| ASSUMPTION OR CONVENTION | VALUE AND REASON |
|---|---|
| **Transaction and completion** | Debt-free, cash-free EV and normal March working capital. Model at 31 March 2027, €0 unrestricted cash, €1.96m remaining term debt and €290,000 overdraft. Confirm all on the day. |
| **March operating balances** | Inventory €125,000, receivables €45,000, prepayments €55,000, suppliers €315,000, payroll/taxes €280,000, guest advances €215,000 and other payables €55,000. Closing illustration raises suppliers to €365,000. Account classification and monthly history remain open. |
| **Management, housing and related parties** | Both officer costs and fee cease without termination cost. Fully loaded replacement GM €140,000 plus €30,000 support. Underwrite €60,000 housing for durability, with no perpetual benefit for unsigned €54,000 offer. |
| **Operating costs** | Incremental 1,500 hours at €30 loaded, above paid bonuses. €12,000 annual clearing and €15,000 premium uplift only if incremental. A €200,000 management package is a separate downside. |
| **Film and noise** | Remove film contribution at 80% of rooms sales and 45% of its F&B sales, with no substitute event. Assume no overlap with late events pending invoices. Assume comparable €110,000 ordinary events in the run rate, with half lost and 55% contribution. Remove only loss additional to restrictions already reflected in current trading. |
| **Family suites and distribution** | Family continues existing use. Alternative assumes all 42 nights sell directly at €1,400 and 80% incremental margin. Peak allotment comparison assumes full pickup and replacement at the observed blended peak ADR with or without 17.5% commission. No gain credited. Direct-shift illustration uses five percentage points, before marketing cost. |
| **Reserves and trading risks** | Reserve 4% of adjusted revenue, tested at 3% and 5%. Room downside 10% at 80% incremental margin, no automatic F&B reduction. Full event loss doubles the initial revenue loss. Test five-star pricing at unchanged 3,828 sold nights only as seller-claim arithmetic. Test March–November at 275 calendar nights, €365 per sold night. |
| **Tax and payroll illustrations** | Repeat two-year audit range once for 2025–26. No probability supplied. Illustrative taxable property €6m for annual-tax test, €7m for future sale, fixed €10,000 gross misclassified VAT receipts, €15 hourly wage example and 30 qualifying full-timers for two peak months. None is a concluded assessment. |

| ASSUMPTION OR CONVENTION | VALUE AND REASON |
|---|---|
| **Further diagnostic examples** | Hypothetical €100,000 beach-club guest spend and €8m rebuild cost. Independent confirmations determine actual commission and coverage. The three-year studio lease produces €6,000 annual benefit only for its life. |
| **Capital programme** | €620,000 pre-opening rating phase. Split remaining €530,000 as €230,000 then €300,000 for scheduling. Bring asbestos and tank forward, reserve pool filtration for year three if lawful. No allowance for unscoped soil, remediation, interruption or five-star work. |
| **Value** | 9–11 times pre-reserve EBITDA and 7.5%–8.5% subject capitalisation rates. Published French regional survey is a benchmark. €500,000 negotiation margin below €9.7m ceiling. |
| **Funding** | 45% of EV senior debt, 55% of EV plus other costs family equity. Nominal fixed 5%, 15 years, monthly amortisation, full draw, no balloon. 1.5% professional fees on EV, 1% bank fee on loan, no further borrowing or seller finance. €400,000 opening cash, €50,000 restoration, €120,000 annual cash-tax sensitivity. Assume qualifying input VAT recoverable without permanent cost. |
| **Legal security and management controls** | Proposed 20% general GAP, €5,000 claim minimum, €25,000 tipping basket, 36 months general, 90-day extended notice for relevant specific periods, €650,000 escrow and €700,000 additional security. Day bands and 13-week cash forecast are proposed management controls. |

*Appendix C*

# Calculation schedules

IN SHORT

*Use the same cash flow, reserve and consideration definitions in all three price cases. Calculations retain full precision before display rounding. Changing one input requires updating both the closing funds and the return test.*

## Trading and revenue checks

| DEPARTMENT INPUTS IN €000, CASE DATA | 2023 | 2024 | 2025 | 2026 |
|---|---|---|---|---|
| **Rooms sales / direct operating costs / commissions** | 2,011 / 362 / 172 | 2,263 / 407 / 206 | 2,527 / 455 / 226 | 2,464 / 444 / 237 |
| **Online agency share of room revenue** | 49% | 52% | 51% | 55% |
| **F&B sales / food costs / payroll / other costs** | 1,180 / 342 / 519 / 71 | 1,262 / 366 / 555 / 76 | 1,415 / 410 / 623 / 85 | 1,318 / 382 / 580 / 79 |
| **Other sales / direct costs** | 118 / 53 | 131 / 59 | 146 / 66 | 152 / 68 |

| CHECK | REPRODUCTION |
|---|---|
| **Room metrics** | Available = 26 × open nights. Occupancy = sold ÷ available. ADR = room revenue ÷ sold. RevPAR = room revenue ÷ available. Monthly sales = sold × quoted ADR. Chapter 5 provides every monthly input. |
| **2026 season** | Sold = 257 + 532 + 647 + 750 + 766 + 624 + 252 = 3,828. Total sales = €101,515 + €259,616 + €423,785 + €588,750 + €624,290 + €374,400 + €91,980 = €2,464,336. Divide by 3,828 and 5,096 respectively for €643.77 ADR and €483.58 RevPAR. |
| **Competitor indices** | 100 × €449/€481 = 93.35, 100 × €501/€522 = 95.98, 100 × €484/€537 = 90.13. Whole-number indices 93, 96, 90. |
| **Allotment** | 400/1,612 = 24.81%. Gross comparison = 400 × [(€1,213,040/1,516) – €520] = €112,063. Net comparison = 400 × [(€1,213,040/1,516) × 0.825 – €520] = €56,052. |
| **Department margins** | Rooms = (sales – rooms costs – commissions)/rooms sales. For 2026, (€2,464,000 – €444,000 – €237,000)/€2,464,000 = 72.36%. F&B = (€1,318,000 – €382,000 – €580,000 – €79,000)/€1,318,000 = 21.02%. Other = (€152,000 – €68,000)/€152,000 = 55.26%. Apply the same formulas to the inputs above for prior years. |
| **Payroll, agents** | €1,310,000/€3,934,000 = 33.30%. Including officers, €1,490,000/€3,934,000 = 37.87%. Commission = annual room sales × channel share × 17.5%. Five-point shift saves €21,560 before direct costs. |

| CHECK | REPRODUCTION |
|---|---|
| **Seller expansion tests** | €644 × 1.30 = €837.20. Uplift × 3,828 = €739,569.60. Extended season = (275 − 196) × 26 = 2,054 nights available. €600,000/(2,054 × €365) = 80.03% occupancy. |

## Earnings and reserves

| € | 2025 | 2026 |
|---|---|---|
| **Reported plus departing officers and fee** | 996,000 + 180,000 + 120,000 = 1,296,000 | 946,000 + 180,000 + 120,000 = 1,246,000 |
| **Common incremental expenses** | 170,000 + 36,000 + 45,000 + 12,000 + 15,000 = 278,000 | 278,000 |
| **Film and noise contributions removed** | 210,000 × 80% + 90,000 × 45% + 55,000 × 55% = 238,750 | 55,000 × 55% = 30,250 |
| **Before reserve** | 1,296,000 − 278,000 − 238,750 = 779,250 | 1,246,000 − 278,000 − 30,250 = 937,750 |
| **Adjusted sales** | 4,088,000 − 300,000 − 55,000 = 3,733,000 | 3,934,000 − 55,000 = 3,879,000 |
| **After reserve** | 779,250 − 3,733,000 × 4% = **629,930** | 937,750 − 3,879,000 × 4% = **782,590** |

The after-reserve room-shock cost is €2,464,000 × 10% × (80% − 4%) = €187,264. The second half of event sales costs €55,000 × (55% − 4%) = €28,050. Add €30,000 extra management cost and remaining earnings are €537,276. Without family occupancy and with full paid pickup, €58,800 × (80% − 4%) = €44,688 additional contribution. At the offer this raises earnings from €782,590 to €827,278 and the yield by 100 × €44,688/€11,440,460 = 0.39 percentage points.

## Asset, tax, closing and financing calculations

| CHECK | FULL CALCULATION OR RULE FOR SUBSTITUTION |
|---|---|
| **Property screen and latent tax** | (€6,850,000 − €2,950,000)/€5,925,000 = 65.82% on books. Use market values for the legal test. Illustrative asset-sale tax = (€7m − €3.9m) × 25% = €775,000. Separate annual 3% test: €6m × 3% = €180,000 before exemptions. |
| **Tax and claims** | Audit range = twice €90,000–€210,000 = €180,000–€420,000. €120,000 fee × 25% × four years = €120,000 within the scenario. Extra annual tax from losing the reduced slice = €42,500 × (25% − 15%) = €4,250. Claims = €27,000 + €21,000 = €48,000. |
| **Working-capital peg** | €125,000 + €45,000 + €55,000 − €315,000 − €280,000 − €215,000 − €55,000 = −€640,000. Closing increases suppliers by €50,000: −€690,000 − (−€640,000) = −€50,000 equity adjustment. |
| **Equity and escrow** | Debt €1,960,000 + €290,000 = €2,250,000. Fee = €1,960,000 × 3% = €58,800. Equity = EV − €2,250,000 − €58,800 − €140,000 − €50,000 = EV − €2,498,800. At offer, €6,701,200 − €650,000 = €6,051,200 released. Escrow = €420,000 + €48,000 + €182,000. |

| CHECK | FULL CALCULATION OR RULE FOR SUBSTITUTION |
|---|---|
| **Duties** | At offer 0.1% × €6,701,200 = €6,701.20 or 5% × €6,701,200 = €335,060. At the higher rate ceiling duty = 5% × €7,201,200 = €360,060 and ask duty = 5% × €9,501,200 = €475,060. Replace price with statutory taxable base if different. |
| **Capex** | €140,000 + €1,150,000 + €95,000 + €35,000 + €18,000 + €28,000 = €1,466,000. €620,000 + €230,000 + €300,000 = €1,150,000. Funded backlog is distinct from recurring clearing (€12,000 × five years = €60,000 at constant cost). |
| **Valuation checks** | At offer €9.2m/€937,750 = 9.81× and €9.2m/26 = €353,846. €782,590/8% = €9,782,375. Chapter 12 varies the multiple and yield on these same numerators. |
| **Total investment** | E = EV. Uses = (E − €2,498,800) + €2,250,000 + €58,800 + €1,466,000 + €450,000 + 0.015E + 0.01 × 0.45E + 0.05 × (E − €2,498,800) = **1.0695E + €1,601,060**. |
| **Required return** | Maximum uses = €782,590/0.065 = €12,039,846.15. Maximum E = (€12,039,846.15 − €1,601,060)/1.0695 = €9,760,435.86. At the offer, room for extra uses at unchanged earnings = €599,386.15. At ceiling = €64,636.15. Annual earnings headroom at offer = €782,590 − 6.5% × €11,440,460 = €38,960.10. |
| **Loan payments** | Principal P = 0.45E. Monthly rate r = 0.05/12. Monthly payment = P × r/[1 − (1+r) to the power −180]. Multiply by 12 for annual debt service. On €4,140,000, monthly service is €32,738.86 and annual service €392,866.27 before rounding. |
| **Loan cover, equity and yield** | Family equity = total uses − acquisition loan. Cover = €782,590/annual service. Cash-tax test = (€782,590 − €120,000)/annual service. Unlevered yield = €782,590/total uses. At the offer these give €7,300,460, 1.99×, 1.69× and 6.84%. |

Other published checks use the chapter's stated case inputs. For the diagnostic examples, fee security is calculated on gross equity, insured coverage is €6m/€8m = 75%, payroll is 4 × €15 × 1.10 + 2 × €15 × 1.20 = €102, fixed-price VAT error is €10,000/1.10 − €10,000/1.20 = €757.58, and tourist tax is 2 × 3 × €3.74 = €22.44.

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Consulted in November 2026. Superscript numbers in the text refer to this list. Figures marked "case data" come from the fictional data room and have no public source.


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## IMPORTANT INFORMATION

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