

Paris, 21 June 2024

Covivio and AccorInvest sign a memorandum of understanding with a view to consolidating their hotel property and operating companies

Covivio announces that it has signed a memorandum of understanding with AccorInvest to consolidate the ownership of jointly owned hotel operating and property companies, in accordance with the terms defined at the start of exclusive negotiations in November 2023. The transaction is expected to close in the final quarter of 2024.

“Today marks another important step in our partnership with AccorInvest. The agreement will contribute to Covivio’s development in the hotel sector and gives us the opportunity to draw on the full range of our real estate and hotel expertise. By repositioning a large part of the portfolio, we intend to strengthen our ability to act directly on its performance, thereby leveraging significant growth potential.”
Tugdual Millet, CEO Hotels, Covivio.

A hotel swap to create value

As a reminder, Covivio, through its subsidiary Covivio Hotels¹, owns 54 hotels that are let to AccorInvest under long-term variable-rent leases based on revenues. AccorInvest owns and operates the operating companies of these hotels and has signed long-term management contracts with the Accor Group.

The memorandum concerns the acquisition by Covivio Hotels of 24 hotel operating companies² – allowing the consolidation of these hotels, which will be owned and operated by Covivio Hotels – in exchange for the transfer to AccorInvest of title to 10 other hotels property companies, which will then be owned and operated by AccorInvest.

The agreed value of the property companies transferred to AccorInvest is €208 million³, while the value of the operating companies acquired by Covivio Hotels is €266 million⁴. Based on 2023 figures, the assets transferred to AccorInvest represent annual rental income of €11 million, while the operating companies acquired by Covivio Hotels generate EBITDA of around €31 million.

The deal enables Covivio Hotels to acquire operating companies in major tourist areas with considerable potential for value creation through repositioning and management optimisation. Some of these hotels will continue to operate under Accor brands (under management or franchise agreements), while others will be rebranded.

The transaction marks the continuation of Covivio’s development in hotel real estate, towards a more diversified model (leased assets, operating properties).

¹ 52.2% owned and controlled by Covivio. The figures in this press release represent Covivio Hotels’ share.

² Through the acquisition of shares in hotel operating companies

³ Excluding transfer taxes

⁴ Including transfer taxes

A further step is also underway for hotels held in joint ventures

Covivio Hotels is also the indirect owner and asset manager of another 60 hotels leased to AccorInvest and held through two joint ventures created in 2010 and 2014 respectively: one 80% owned by Crédit Agricole Assurances and 20% by Covivio Hotels, and the other owned by Caisse des Dépôts et Consignations, Société Générale Assurances and Covivio Hotels.

The memorandum provides for the acquisition by Covivio Hotels and its partners of 19 operating companies⁵ for the 2 joint ventures (thereby enabling them to be consolidated as properties owned and operated by Covivio Hotels and its partners) in exchange for the transfer to AccorInvest of six other hotel property companies, which will then be owned by AccorInvest.

These consolidation transactions for Covivio Hotels and the joint ventures represent a total of €393 million⁶ for the hotel property companies sold by Covivio Hotels and its partners, equivalent to that of the operating companies owned and operated by the companies whose shares will be acquired. Upon completion, Covivio Hotels and its partners will have consolidated ownership of 43 hotels and AccorInvest 16.

⁵ Through the acquisition of shares in hotel operating companies

⁶ Including transfer taxes

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ABOUT COVIVIO

Thanks to its partnering history, real estate expertise and European culture, Covivio is inventing today's user experience and designing tomorrow's city.

A preferred real estate player at European level, Covivio is close to its end users, capturing their aspirations, combining work, travel and life and co-inventing vibrant spaces.

A benchmark in the European real estate market with €23.1 billion in assets, Covivio offers support to companies, hotel brands and territories in their pursuit for attractiveness, transformation and responsible performance.

Build sustainable relationships and well-being is Covivio's Purpose expressing its role as a responsible real estate operator for all its stakeholders: customers, shareholders and financial partners, internal teams and local authorities, as well as future generations and the planet. Furthermore, its living, dynamic approach opens up exciting project and career prospects for its teams.

Covivio's shares are listed in the Euronext Paris A compartment (FR0000064578 - COV), admitted to trading on the SRD and included in the composition of the MSCI, SBF 120, Euronext IEIF "SIIC France" and CAC Mid100 indices, in the "EPRA" and "GPR 250" benchmark European real estate indices, and in the ESG FTSE4 Good, CAC SBT 1.5°C, DJSI World & Europe, Euronext Vigeo (World 120, Eurozone 120, Europe 120 and France 20), Euronext® CDP Environment France EW, ISS ESG, Ethibel and Gaia ethical indices. The share also holds the following awards and ratings: CDP (A), GRESB (90/100, 5-Star, 100% public disclosure), Vigeo-Eiris (A1+), ISS-ESG (B-) and MSCI (AAA).

Solicited ratings:

Financial part: BBB+ / Stable outlook by Standard and Poor's