

Paris, 1st July 2019

Covivio expands its hotel presence in France

Covivio, through its subsidiary Covivio Hotels, has acquired from AXA Investment Managers – Real Assets, on behalf of one of its clients, a 32% stake in a portfolio of 32 Accor hotels in France and Belgium for €176 million including duties. This strategic portfolio, valued at €550 million, will be jointly owned with the Caisse des Dépôts and Société Générale Assurances, which are already long-standing shareholders. Covivio will manage this portfolio.

A high-quality portfolio, predominantly based in Paris

This transaction will enable Covivio to strengthen its presence on the hotel market in France, the world's leading tourist destination (almost 90 million international tourists in 2018), and especially in Greater Paris where a record 35 million overnight hotel stays were recorded in 2018 (+3.6% year-on-year).

The portfolio, comprising 30 assets in France and 2 in Belgium, for a total of 6,221 rooms, has the benefit of strategic locations¹: 43% are in inner Paris, 24% in Greater Paris, and 33% in the centre of major French and Belgian cities. The hotels are operated under mid-range (Mercure and Novotel) and budget chains (mainly Ibis and Ibis Budget).

These assets offer good levels of profitability with an average EBITDAR margin above 30%.

Firm leases are already in place with AccorInvest with a residual term of 6.5 years. The rental income arrangement, 100% variable as a percentage of hotel revenues, will enable Covivio to fully benefit from any improved performances in the future.

Significant growth levers

The acquisition price, at €176 million including duties for 32% of the portfolio, is based on the valuation of €88,000 per room. Covivio's aim is to increase rental income between now and 2021, notably as a result of recently financed work on the portfolio (€29 million invested between 2017 and 2019 by the tenant), which should help boost hotel revenues. And the results have already spoken for themselves in early 2019, with +5% growth in revenues over one year to the end of April. The target net yield of 5.3%² in 2021 is based on a low rental income of €4,700 per room, thus offering significant potential for growth.

"Following this acquisition, Covivio will manage over 25,000 rooms operated by brands of the Accor group, Europe's leading hotel operator. With its vast experience in the hotel industry, Covivio will replicate the strategy implemented ten years ago on its shared portfolio with Accor and identify the key value drivers with each operator", explained Dominique Ozanne, Deputy CEO of Covivio.

¹Breakdown of portfolio in value

²Net initial yield of 4.8%

COVIVIO
PRESS RELEASE



Mercure Gare de Lyon - Paris



Mercure La Défense – Greater



Ibis Centrum – Ghent

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 **ABOUT COVIVIO**

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

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

A benchmark in the European real estate market with €23Bn in assets, Covivio offers support to companies, hotel brands and regions in their pursuit of attractiveness, transformation and responsible performance.

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) and the MTA market (Mercato Telematico Azionario) on the Milan stock exchange, are admitted to trading on the SRD and are included in the composition of the MSCI, SBF120, Euronext IEIF "SIIC France" and CAC Mid100 indices, in the "EPRA" and "GPR 250" benchmark European real estate indices, EPRA BPRs Gold Awards (financial + sustainability), CDP (A), Green Star GRESB, and in the ESG FTSE4 Good, DJSI World & Europe, Euronext Vigeo (World 120, Eurozone 120, Europe 120 and France 20), Euronext® CDP Environment France EW Oekom, Ethibel and Gaia ethical indices.

Covivio is rated BBB+/Stable outlook by Standard and Poor's.