

Accor Announces the Sale of 57 Hotel Properties in France and Switzerland for EUR 518 Million
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As part of its real estate management strategy, Accor has announced the signature of a memorandum of understanding to sell 47 hotels in France and 10 in Switzerland to a Real Estate Consortium including Caisse des Depots et Consignations and two investment funds managed by AXA Real Estate Investment Managers (European Hotel Venture & Alternative Property Income Venture).

AXA REIM is an international leader in Real Estate Investment funds with EUR42 billion under management at October 31, 2007. The Novotel, Mercure, Ibis, All Seasons and Etap Hotel properties involved in the transaction represent a total of 8,200 rooms.

The EUR518-million transaction includes a EUR52-million renovation program at the new owner's expense. On top of this amount, extensions to two of the existing properties will be financed by the owner for a total of EUR30 million.

Accor will continue to operate the hotels under the same brands through 12-year variable leases, whose rents are based on an average 16% of revenue a year with no guaranteed minimum. The leases are renewable six times, for a total of 84 years. Based on estimated 2007 revenue, the variable rent would amount to EUR29.6 million, net of EUR3.7 million in insurance costs, property taxes and structural maintenance capex, which are now at the owner's expense.

This transaction is part of the EUR 1.9 billion asset disposal program as presented by the Group in September 2007. Accor continues to deploy its innovative asset management strategy designed to both reduce earnings volatility and emphasize the focus on hotel operations.

Furthermore, the transaction enables Accor to partner with a leading European Property Company. The partnership agreement calls for the development of new economy and midscale hotels in France and Switzerland under the same operating structure, thereby enabling the Group to step up its expansion program in these countries.

From a financial standpoint, this transaction will enable Accor to reduce its adjusted net debt by approximately EUR350 million in 2008, of which EUR 300 million of cash impact, and will add around EUR5 million to 2008 profit before tax.

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