



HD Hotel sector braces for busy period after AccorHotel deal

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The ibis Melbourne is one of 15 hotels acquired by Accor.

The hotel sector is preparing for a busy few years with the construction of new sites and the increased demand for rooms from the opening of the new International Convention Centre in Sydney. Melbourne is also set for heightened activity with new operators entering the market and a busy schedule of sports events, starting with the Australian Open tennis championship in late January. Last week AccorHotels agreed with a subsidiary of the Abu Dhabi Investment Authority (ADIA) to restructure a portfolio of 31 hotels

in Australia. The agreement involves a 4097-room portfolio bought by the wholly owned ADIA subsidiary in 2013 and operated by AccorHotels. Gus Moors, head of hotels Australia at more than \$2.4 billion in hotel sales in Australia, says 2016 has been an extremely active year. During 2015 Colliers sold several large hotels including the Travelodge Docklands at 66 Aurora Lane, Melbourne, sold to a Singapore-based group Sing Holdings Limited. In Sydney, the agents sold 333 Kent Street when iProsperity Group partnered with China-based institutional fund manager Bridge

Capital, and paid \$8.88 million. The development-approved site is earmarked by iProsperity for a high-end hotel and residential building.

Under the latest deal, AccorHotels will convert 15 triple-net leases into 50-year management agreements and extend the management term of one hotel to 50 years, being a total of 16 hotels. AccorHotels, which operates under the HotelInvest group, will also buy the real estate of the remaining 15 ibis and ibis Budget-branded properties for \$200 million. "This deal is in line with our stated strategy to optimise cash-flow generation, reduce earnings volatility and restructure lease contracts into owned and managed hotels," HotelInvest chief operating officer John Ozinga said. The hotels are in locations including Sydney's Darling Harbour, Sydney Olympic Park and Canberra. The portfolio is also spread among NSW, Victoria, the Northern Territory, WA and Queensland and encompasses the Pullman, Novotel, Mercure, ibis, ibis Styles and ibis Budget brands. The acquisition will be accretive to AccorHotels' EBIT in 2017 and will strengthen its market leadership in Australia by securing tenure on key assets. Completion of the acquisitions is subject to certain conditions and regulatory approvals. AccorHotels is also the operator of the new Sofitel in Darling Harbour, which is due to open in mid- to-late 2017.

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CO abdi : Abu Dhabi Investment Authority

IN i6651 : Hotels (except Casino)/Motels | i66 : Hotels/Restaurants | i665 : Lodgings | ilea :
Leisure/Arts/Hospitality | itourm : Tourism

RE austr : Australia | melb : Melbourne | sydney : Sydney | victor : Victoria (Australia) | apacz : Asia Pacific |
ausnz : Australia/Oceania | nswals : New South Wales

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