



*Press release*

JUNE 12<sup>TH</sup>, 2019

## ***Orbis strengthens its strategic co-operation with Accor***

**Orbis, the leader of hospitality industry in Poland and Eastern Europe, signed today with Accor an agreement regarding sale of service activity and settled principles of a long-term management agreements between the parties for all Orbis' owned and leased hotels. Thereby Orbis strengthens its strategic alliance with Accor.**

Following recent announcements regarding the separation of its business and entering the negotiations with Accor on the acquisition of asset light business, Orbis signed with Accor non-binding Head of Terms regarding sale of the service activity.

*"Over the last decade Orbis significantly increased its business, entered into new countries, developed its hotel portfolio by all operating modes, and became the regional leader. For the last 20 years, Orbis has been supported by Accor, our strategic partner and shareholder. By splitting 2 businesses and signing a long-term management agreements we will be able to capitalize a value of the asset light part through its disposal to Accor. We will then focus all our attention on Orbis core business i.e. real estate operations, which is in its DNA. Once done, Orbis – a pure heavy asset player - with its portfolio of 72 owned hotels will be ready to start a new era of growth sharing the same strategy with a new shareholder."* - said **Gilles Clavie**, President and CEO of Orbis.

### **Key terms of the agreement**

The agreement between Orbis and Accor comprises conditions of the hotel services business disposal once the light asset part is carved out. That will allow to take over from Orbis all its light assets and activities including franchise and management contracts and any other rights related to the service part.



Following the transformation plan Orbis and Accor will also enter into a hotel management agreements under which Accor will manage all hotels currently owned and leased by Orbis.

### **Purchase price**

As part of the process Orbis hired an independent appraiser to perform a fairness opinion of the light asset business. It will play an important role in the decision making process and its conclusion (fairness opinion) will be made public about 24 June 2019. The agreed purchase price for the service activity amounts to approx. PLN 1.2 bn.

### **Closing of the transaction**

The closing is expected in October 2019. In the meantime Orbis will undergo split of the asset light and asset heavy businesses and will obtain all obligatory approvals.

*"This is a next step in Orbis and Accor cooperation which has its roots in mid 70's. Both companies have now been developing fast so need to follow their guests' and partners' expectations and therefore get the most of their know-how in both businesses separately."* - adds **Gilles Clavie**.

With the current arrangements and making strategic changes, Orbis starts a new phase of its evolution. It will remain a reliable and trustworthy company, strong with 72 hotels and 5 developments in pipeline. The value of its heavy asset portfolio amounts to approx. EUR 1.13 bn, which has been valued based on the discounted cash flow method by an independent appraiser hired by the management board.

*"Orbis has the most valuable hotel portfolio and is ready to focus its strategy and operations on the asset heavy business in hospitality and beyond."* – concludes **Gilles Clavie**.

Additionally, Accor announced today that it begun disposal of its entire stake in Orbis' share capital. Accor press release regarding this decision can be found here: <https://group.accor.com/en/investors/events-and-announcements/news-and-announcement>



## **ORBIS GROUP**

The Orbis Hotel Group is the largest network of hotels in Poland and in Eastern Europe. Orbis comprises more than 130 hotels and is the sole licensor of all Accor brands in 16 countries including Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Macedonia, Moldova, Montenegro, Poland, Romania, Serbia, Slovakia and Slovenia. It offers a total of more than 21,000 rooms. The hotels operate under the brand names Sofitel, Pullman, MGallery by Sofitel, Novotel, Mercure, ibis, ibis Styles and ibis budget. These brands, recognized throughout the world, provide a quality of service to various standards, ranging from luxury 5-star to budget 1-star hotels. Since 1997 Orbis SA is quoted on the Warsaw Stock Exchange. Orbis' strategic partner is Accor.

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