CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

Unless stated otherwise, the amounts presented are in millions of euros, rounded to the nearest million. Generally speaking, the amounts presented in the consolidated financial statements and the notes to the financial statements are rounded to the nearest unit. This may result in a non-material difference between the sum of the rounded amounts and the reported total. All ratios and variances are calculated using the underlying amounts rather than the rounded amounts.

Consolidated Income Statements

In millions of euros	Notes	2014 (*)	2015
CONSOLIDATED REVENUE	4	**5,454**	**5,581**
Operating expense	5	(3,682)	(3,801)
EBITDAR	4	**1,772**	**1,780**
Rental expense	6	(849)	(794)
EBITDA	4	**923**	**986**
Depreciation, amortization and provision expense	7	(321)	(321)
EBIT	4	**602**	**665**
Net financial expense	8	(52)	(71)
Share of profit of associates after tax	17	28	10
OPERATING PROFIT BEFORE TAX AND NON RECURRING ITEMS		**578**	**605**
Restructuring costs	9	(11)	(23)
Impairment losses	10	(55)	(67)
Gains and losses on management of hotel properties	11	(11)	(31)
Gains and losses on management of other assets	11	(82)	(75)
OPERATING PROFIT BEFORE TAX		**419**	**408**
Income tax expense	12	(175)	(136)
PROFIT FROM CONTINUING OPERATIONS		**244**	**273**
Net profit or Loss from discontinued operations	25	(4)	(1)
NET PROFIT OR LOSS		**240**	**271**
Net Profit, Group Share from continuing operations		227	246
Net Profit or Loss, Group Share from discontinued operations		(4)	(1)
Net Profit or Loss, Group Share		**223**	**244**
Net Profit, Minority interests from continuing operations		17	27
Net Profit or Loss, Minority interests from discontinued operations		-	-
Net Profit, Minority interests		17	27

Weighted average number of shares outstanding (in thousands)	20	230,232	234,387
EARNINGS PER SHARE (in €)		**0.97**	**0.88**
Diluted earnings per share (in €)	20	0.96	0.88

Earnings per share from continuing operations (in €)		**0.99**	**0.89**
Diluted earnings per share from continuing operations (in €)		**0.98**	**0.88**

Earnings per share from discontinued operations (in €)		**(0.02)**	**(0.01)**
Diluted earnings per share from discontinued operations (in €)		**(0.02)**	**(0.01)**

(*) Including the retrospective impact of the application of IFRIC 21 (see Note 2).

Statement of profit or loss and other comprehensive income

In millions of euros	Notes	2014 (*)	2015
NET PROFIT OR LOSS		**240**	**271**
Currency translation adjustment		83	(3)
Effective portion of gains and losses on hedging instruments in a cash flow hedge		0	(3)
Change in fair value resulting from "Available-for-sale financial assets"		(2)	12
Other comprehensive income that will be reclassified subsequently to profit or loss		***81***	***6***
Actuarial gains and losses on defined benefit plans, net of deferred taxes		(11)	(9)
Other comprehensive income that will never be reclassified subsequently to profit or loss		***(11)***	***(9)***
Other comprehensive income, net of tax	22	**69**	**(3)**
TOTAL PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		**309**	**268**
Profit or loss and other comprehensive income, Group share		**295**	**241**
Profit or loss and other comprehensive income, Minority interests		14	27

(*) Including the retrospective impact of the application of IFRIC 21 (see Note 2).

Statements of financial position

Assets

Assets In millions of euros	Notes	Dec. 2014 (*)	Dec. 2015
GOODWILL	13	**701**	**697**
INTANGIBLE ASSETS	14	**283**	**307**
PROPERTY, PLANT AND EQUIPMENT	15	**3,157**	**3,024**
Long-term loans	16	133	118
Investments in associates	17	324	346
Other financial investments	18	129	191
TOTAL NON-CURRENT FINANCIAL ASSETS		**586**	**654**
Deferred tax assets	12	66	73
TOTAL NON-CURRENT ASSETS		**4,794**	**4,756**
Inventories	19 & 28	28	37
Trade receivables	19 & 28	417	432
Other receivables and accruals	19 & 28	461	471
Receivables on disposals of assets	23	14	44
Short-term loans	23	16	43
Cash and cash equivalents	23	2,677	2,963
TOTAL CURRENT ASSETS		**3,614**	**3,990**
Assets held for sale	25	347	208
TOTAL ASSETS		**8,754**	**8,953**

(*) Including the retrospective impact of the application of IFRIC 21 (see Note 2).

Equity and Liabilities

EQUITY AND LIABILITIES In millions of euros	Notes	Dec. 2014 (*)	Dec. 2015
Share capital		696	706
Additional paid-in capital and reserves		1,852	1,925
Net profit or loss, Group share		223	244
Ordinary Shareholders' Equity, Group Share		**2,770**	**2,875**
Hybrid capital	20	887	887
SHAREHOLDERS' EQUITY, GROUP SHARE		**3,657**	**3,762**
Minority interests	21	213	225
TOTAL SHAREHOLDERS' EQUITY AND MINORITY INTERESTS	20	**3,869**	**3,987**
Other long-term financial debt	23	2,722	2,692
Long-term finance lease liabilities	23	62	53
Deferred tax liabilities	12	41	29
Non-current provisions	26	133	142
TOTAL NON-CURRENT LIABILITIES		**2,957**	**2,916**
Trade payables	19	690	736
Other payables and income tax payable	19	963	1,012
Current provisions	26	172	173
Short-term debt and finance lease liabilities	23	82	91
Bank overdrafts and liability derivatives	23	0	19
TOTAL CURRENT LIABILITIES		**1,907**	**2,031**
Liabilities associated with assets classified as held for sale	25	20	19
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**8,754**	**8,953**

(*) Including the retrospective impact of the application of IFRIC 21 (see Note 2).

Consolidated Cash Flow Statement

In millions of euros	Notes	2014 (*)	2015
+ EBITDA	4	923	986
+ Net financial expense	8	(52)	(71)
+ Income tax expense		(151)	(171)
- Non cash revenue and expense included in EBITDA		11	21
- Elimination of provision movements included in net financial expense and non-recurring taxes		25	35
+ Dividends received from associates		13	16
+ Impact of discontinued operations		(2)	(2)
= Funds from operations excluding non-recurring transactions	27	**767**	**814**
+ Decrease (increase) in operating working capital	28	103	72
+ Impact of discontinued operations	28	6	(0)
= Net cash from operating activities		**875**	**886**
+ Cash received (paid) on non-recurring transactions (included restructuring costs and non-recurring taxes)		(186)	(101)
+ Impact of discontinued operations		-	-
= Net cash from operating activities including non-recurring transactions (A)		**689**	**785**
- Renovation and maintenance expenditure	29	(262)	(269)
- Development expenditure	29	(1,313)	(366)
+ Proceeds from disposals of assets		128	356
+ Impact of discontinued operations		-	1
= Net cash used in investments / divestments (B)		**(1,447)**	**(280)**
+ Proceeds from issue of share capital		46	52
- Dividends paid		(137)	(174)
+ Issue of hybrid capital		887	-
- Hybrid capital dividend payment		-	(37)
- Repayment of long-term debt		(17)	(688)
- Payment of finance lease liabilities		(1)	(8)
+ New long term debt		1,123	673
= Increase (decrease) in long-term debt		**1,106**	**(23)**
+ Increase (decrease) in short-term debt		(398)	(47)
+ Impact of discontinued operations		1	-
= Net cash from financing activities (C)		**1,505**	**(230)**
+ Effect of changes in exchange rates (D)		37	(10)
= Net change in cash and cash equivalents (E) = (A) + (B) + (C) + (D)		**784**	**266**

- Cash and cash equivalents at beginning of period		1,896	2,677
- Effect of changes in fair value of cash and cash equivalents		(0)	-
- Net change in cash and cash equivalents for discontinued operations		(4)	1
+ Cash and cash equivalents at end of period		2,677	2,944
= Net change in cash and cash equivalents		**784**	**266**

(*) Including the retrospective impact of the application of IFRIC 21 (see Note 2).

Changes in Consolidated Shareholders' Equity

In millions of euros	Number of shares outstanding	Share capital	Additional paid-in capital	Currency translation reserve	Fair value adjustments on Financial Instruments reserve	Reserve for actuarial gains/losses	Reserve related to employee benefits	Retained earnings and profit for the period	Shareholders' Equity	Minority interests	Consolidated shareholders' Equity
At January 1, 2014	**228,053,102**	**684**	**1,129**	**(123)**	**(4)**	**(48)**	**162**	**737**	**2,538**	**214**	**2,752**
Changes in accounting policies (*)	-	-	-	-	-	-	-	3	3	-	3
At January 1, 2014 (*)	**228,053,102**	**684**	**1,129**	**(123)**	**(4)**	**(48)**	**162**	**740**	**2,541**	**214**	**2,754**
Issue of share capital											
- Performance share grants	**203,015**	1	-	-	-	-	-	(1)	**-**	**-**	**-**
- On exercise of stock options	**1,684,989**	5	41	-	-	-	-	-	**46**	**(0)**	**46**
- Cancellation of treasury stock	-	-	0	-	-	-	-	-	**0**	**-**	**0**
Issue of hybrid capital	-	-	-	-	-	-	-	887	**887**	**-**	**887**
Hybrid capital dividend payment	-	-	-	-	-	-	-	-	**-**	**-**	**-**
Dividends paid in cash	**1,895,293**	6	54	-	-	-	-	(183)	**(123)**	**(13)**	**(137)**
										-	**-**
Changes in reserve related to employee benefits	-	-	-	-	-	-	10	-	**10**	**-**	**10**
Effects of scope changes	-	-	-	-	-	1	-	0	**1**	**(0)**	**1**
Other Comprehensive Income	**-**	**-**	**(76)**	**86**	**(2)**	**(11)**	**-**	**75**	**72**	**(3)**	**69**
Net Profit or Loss	-	-	-	-	-	-	-	223	**223**	**17**	**240**
Total Profit or Loss and other comprehensive income	**-**	**-**	**(76)**	**86**	**(2)**	**(11)**	**-**	**298**	**295**	**14**	**309**
At December 31, 2014(*)	**231,836,399**	**696**	**1,149**	**(37)**	**(5)**	**(59)**	**172**	**1,741**	**3,657**	**213**	**3,869**
Issue of share capital											
- Performance share grants	**234,645**	1	-	-	-	-	-	(1)	**0**	**-**	**0**
- On exercise of stock options	**1,911,904**	6	47	-	-	-	-	-	**52**	**0**	**52**
- Cancellation of treasury stock		(0)	(1)	-	-	-	-	-	**(1)**	**-**	**(1)**
Hybrid capital dividend payment								(37)	**(37)**	**-**	**(37)**
Dividends paid in cash	**1,369,477**	4	59	-	-	-	-	(222)	**(159)**	**(15)**	**(174)**
Changes in reserve related to employee benefits	-	-	-	-	-	-	14	-	**14**	**-**	**14**
Effects of scope changes	-	-	-	-	-	0	-	(5)	**(5)**	**1**	**(4)**
Other Comprehensive Income	**-**	**-**	**-**	**(3)**	**10**	**(9)**	**-**	**(0)**	**(3)**	**(0)**	**(3)**
Net Profit or Loss	-							244	**244**	**27**	**271**
Total Profit or Loss and other comprehensive income	**-**	**-**	**-**	**(3)**	**10**	**(9)**	**-**	**244**	**241**	**27**	**268**
At December 31, 2015	**235,352,425**	**706**	**1,254**	**(40)**	**4**	**(68)**	**185**	**1,720**	**3,762**	**225**	**3,987**

(*) Including the retrospective impact of the application of IFRIC 21 (see Note 2).

Notes to the Consolidated Financial Statements

Notes to the Consolidated Financial Statements

The consolidated financial statements at December 31, 2015 have been prepared under the responsibility of AccorHotels' Chairman and Chief Executive Officer. They were approved by the Board of Directors of February 17, 2016. The Accor Group has changed its trade name to AccorHotels but its legal company name remains unchanged. Accor SA continues to be the parent company of the Group.

Note 1. Management Ratios

	Note	Dec. 2014	Dec. 2015
Gearing	(a)	4.1%	(4.9)%
Adjusted Funds from Ordinary Activities / Adjusted Net Debt	(b)	27.1%	31.8%
Return On Capital Employed	(c)	14.6%	14.4%

Note (a): Gearing corresponds to the ratio of net debt to equity (including minority interests)

Note (b): Adjusted Funds from Ordinary Activities / Adjusted Net Debt is calculated in accordance with the method used by the main rating agencies. The method was modified in 2015 to be more closely aligned with that used by Standard & Poor's, with the change also applied to 2014 comparatives.

	Note	Dec. 2014	Dec. 2015
Net debt at end of the period (see Note 23)		**159**	**(194)**
Restatement of perpetual subordinated notes	(1)	443	443
Other restatements	(2)	252	333
Adjusted net debt		**854**	**582**
Rental commitments discounted at 7%	(3)	2,559	2,539
Total Adjusted net debt		**3,413**	**3,121**
Funds from Ordinary Activities (on 12 months)		**769**	**816**
Restatement of interests related to perpetual subordinated notes	(1)	(9)	(19)
Rental amortization	(3)	222	230
Other restatements	(4)	(57)	(36)
Adjusted Funds from Ordinary Activities		**924**	**991**
Adjusted Funds from Ordinary Activities / Adjusted Net Debt		**27.1%**	**31.8%**

(1) Due to the fact that the rating agencies treat 50% of subordinated perpetual securities as debt and 50% as equity, 50% of said securities and the related interest are restated as net debt and 50% as funds from operations excluding non-recurring transactions used to calculate the ratio. In accordance with the same principle, only 50% of the interest paid on these instruments is included in funds from operations excluding non-recurring transactions used for the calculation.

(2) Other adjustments at December 31, 2015, concerned cash and cash equivalents, with the application of a 5% discount (€148 million), provisions for pensions and seniority bonuses after tax (€98 million) and short-term loans and receivables from sales of assets (€87 million). Other adjustments at December 31, 2014 concerned cash and cash equivalents, with the application of a 5% discount (€134 million), provisions for pensions and seniority bonuses after tax (€88 million) and short-term loans and receivables from sales of assets (€31 million).

(3) A 7% discount was applied to rental commitments related to hotels (see Note 6.C) and headquarters buildings (see Note 31) with deferred recognition of the commitments on a straight-line basis as from the sixth year, in accordance with the Standard & Poor's method.

(4) At December 31, 2015, other adjustments to funds from operations mainly concerned taxes (€11 million negative adjustment) and restructuring costs (€23 million negative adjustment). At December 31, 2014, other adjustments to funds from operations mainly concerned taxes (€36 million negative adjustment) and restructuring costs (€11 million negative adjustment).

Note (c) : Return on Capital Employed (ROCE) is a key management indicator used internally to measure the performance of the Group. It is also an indicator of the profitability of assets that are either not consolidated or accounted for by the equity method.
It is calculated on the basis of the following aggregates derived from the consolidated financial statements:

- Adjusted EBITDA: EBITDA plus revenue from financial assets and investments in associates (dividends and interests).
- Capital Employed: The average cost of 2014 and 2015 non-current assets, before depreciation, amortization and provisions, plus working capital.

ROCE corresponds to the ratio between adjusted EBITDA and average capital employed for the period.

In millions of euros		2014	2015
Capital employed		6,911	7,360
Adjustments on capital employed	(a)	(283)	(466)
Effect of exchange rate on capital employed	(b)	5	89
Average Capital Employed		**6,633**	**6,983**
EBITDA		923	991
Adjustments, inc. internal income on external loans and dividends		13	(2)
Share of profit of associates before tax		33	15
Published Adjusted EBITDA		**969**	**1,004**
ROCE (Adjusted EBITDA/Capital Employed)		**14.6%**	**14.4%**

(a) For the purpose of ROCE calculation, capital employed is prorated over the period of EBITDA recognition in the income statement. For example, the capital employed of a business acquired on December 31 that did not generate any EBITDA during the period would not be included in the calculation.
(b) Capital employed is translated at the average exchange rate for the year, corresponding to the rate used to translate EBITDA.

Note 2. Summary of Significant Accounting Policies

General Framework

In accordance with European Commission regulation 1606/2002 dated July 19, 2002 on the application of international financial reporting standards, the AccorHotels Group consolidated financial statements for the year ended December 31, 2015, have been prepared in accordance with the International Financial Reporting Standards (IFRSs) adopted by the European Union as of that date. They include comparative 2014 annual financial information, prepared in accordance with the same standards.

At December 31, 2015, all of the International Financial Reporting Standards (including IFRSs, IASs and Interpretations) published by the International Accounting Standards Board ("IASB") had been adopted by the European Union. As a result, the Group's consolidated financial statements have been prepared in accordance with International Financing Reporting Standards as published by the IASB.

The new standards and interpretations whose application is mandatory for accounting periods beginning on or after January 1, 2015 have no material impact on Accor's consolidated financial statements. They mainly relate to:

- IFRIC 21 – Levies, which specifies the date on which a liability for a levy should be recognized. The interpretation is effective for annual periods beginning on or after January 1, 2015 and retrospectively applied for all prior periods presented. The changes made to previously published figures primarily relate to France and more specifically to the "contribution sociale de solidarité" tax and to property taxes. The impact on opening equity at January 1, 2014 is a positive €3 million. The impact on the annual income statement is not material. Property taxes previously recognized on a straight-line basis over the year are now recognized on January 1, generating a negative impact of €6 million on the income statement at June 30, 2014.

No new standards have been early adopted.

Assessment of the potential impact on the consolidated financial statements of not adopted future standards, amendments to existing standards and interpretations of existing standards

Standard or Interprétation		**Application Date (period beginning on or after)**	**Measurement of the possible impact on the AccorHotels Group consolidated financial statements in the period of initial application**
IFRS 16	"Leases"	01/01/2019*	This standard will have a major impact on the Group accounts. All of the fixed portion of lease payments, particularly those for hotel leases, will generate a right-of-use asset and a financial liability in the balance sheet.
IFRS 9	"Financial Instruments'"	01/01/2018*	The standard's impact is currently being analyzed. In the case of IFRS 15, one of the main issues is the consideration payable to a customer. At this stage, the standard is not expected to have any major impact on the consolidated financial statements.
IFRS 15	"Revenue from Contracts with Customers"	01/01/2018*	
IFRS 14	"Regulatory Deferral Accounts"	01/01/2016*	These standards and amendments to existing standards are not expected to have a material impact on the consolidated financial statements.
Amendments to IFRS 10 and IAS 28	"Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	01/01/2016*	
Amendment to IAS 1	**Disclosure Initiative**	01/01/2016	
Annual Improvements to IFRS 2012-2014 Cycle		01/01/2016	
Amendments to IAS 16 and IAS 38	**"Property, Plant and Equipment" and "Intangible assets"** Clarification of acceptable methods of depreciation and amortisation	01/01/2016	
Amendment to IFRS 11	"Accounting for Acquisitions of Interests in Joint Operations"	01/01/2016	
Amendment to IAS 19	"Defined Benefit Plans: Employee Contributions	01/01/2016	
Annual Improvements to IFRS 2010-2012 Cycle		01/01/2016	

*Standard, amendment or interpretation not yet adopted for use in the European Union.

Basis for preparation of the financial statements

The financial statements of consolidated companies, prepared in accordance with local accounting principles, have been restated to conform to Group policies prior to consolidation. All consolidated companies have a December 31 fiscal year-end, except for certain Indian companies that have a March 31 fiscal year-end and are therefore consolidated based on financial statements for the twelve months ended September 30.

The preparation of consolidated financial statements implies the consideration by Group management of estimates and assumptions that can affect the carrying amount of certain assets and liabilities, income and expenses, and the information disclosed in the notes to the financial statements. Group management reviews these estimates and assumptions on a regular basis to ensure that they are appropriate based on past experience and the current economic situation. Items in future financial statements may differ from current estimates as a result of changes in these assumptions.

The main estimates and judgments made by management in the preparation of financial statements concern the valuation and the useful life of intangible assets, property, plant and equipment and goodwill, the amount of provisions for contingencies and the assumptions underlying the calculation of pension obligations, claims and litigation and deferred tax balances.

The main assumptions made by the Group are presented in the relevant notes to the financial statements.

When a specific transaction is not covered by any standards or interpretations, management uses its judgment in developing and applying an accounting policy that results in the production of relevant and reliable information. As a result, the financial statements provide a true and fair view of the Group's financial position, financial performance and cash flows and reflect the economic substance of transactions.

Capital management

The Group's main capital management objective is to maintain a satisfactory credit rating and robust capital ratios in order to facilitate business operations and maximize shareholder value.

Its capital structure is managed and adjusted to keep pace with changes in economic conditions, by adjusting dividends, returning capital to shareholders or issuing new shares. Capital management objectives, policies and procedures were unchanged in 2015.

The main indicator used for capital management purposes is the gearing or debt-to-equity ratio (corresponding to net debt divided by equity: see Note "Key Management Ratios"). Group policy consists of keeping this ratio below 100%. For the purpose of calculating the ratio, net debt is defined as all short and long-term borrowings, including lease liabilities, derivative instruments with negative fair values and bank overdrafts less cash and cash equivalents, derivative instruments with positive fair values and disposal proceeds receivable in the short-term. Long-term loans, made primarily to hotel owners and to certain companies in which AccorHotels holds a minority interest with the aim of developing long-term investments, are treated as cash flows from investing activities and not financing activities. Consequently, they are excluded from the net debt calculation.

Equity includes the Group's share of reserves and retained earnings, and unrealized gains and losses recognized directly in equity, but excludes minority interests.

Moreover, the Group has set a target at the end of December 2015 of maintaining the Adjusted funds from ordinary activities/Adjusted net debt ratio at more than 25%.

The main accounting methods applied are as follows:

A. Consolidation methods

The Group's organizational policy consists of creating subsidiaries in France and, generally, in all of its host countries. These subsidiaries are set up for the sole purpose of operating AccorHotels Group hotels. In most cases, they are wholly owned by AccorHotels and controlled exclusively by the Group. They are therefore fully consolidated.

IFRS 10 – Consolidated Financial Statements states that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. No account is taken of the potential ability to direct the relevant activities arising from rights that cannot yet be exercised or that are subject to the occurrence of a future event. The investor must have the current, practical ability to direct the relevant activities that most significantly affect the returns of the investee. In the hotel business, an investor has power over a hotel operator, i.e. existing rights that give the investor the current ability to direct the relevant activities that significantly affect the hotel's returns, when it has the ability to make all operational, financial and strategic management decisions. In practice, this means that the investor has the power to appoint the hotel operator's management and to approve the operator's business plan and annual budget. In the case of managed and franchised hotels, AccorHotels has no such power and is not in a position to decide on the business plan or the annual budget. In the case of managed hotels, AccorHotels acts on behalf and for the benefit of the hotel owner and as such is a representative of the owner.

The Group has not identified any companies that it controls despite holding less than half of the voting rights. Similarly, The Group has not identified any companies that it does not control despite holding more than half of the voting rights.

In connection with the development of certain hotel businesses, AccorHotels may set up partnerships with other companies to pool their complementary skills. In all cases, the partnerships are organized as separate, independently managed vehicles in which both partners have rights to the net assets. All of these companies are controlled jointly by AccorHotels and the partner under a contractual arrangement, according to which decisions about the relevant activities require the unanimous consent of the parties sharing control. They qualify as joint ventures based on the criteria in IFRS 11 – Joint Arrangements, and have therefore been accounted for by the equity method in the consolidated financial statements as from January 1, 2014 in line with the requirements of IFRS 11.

In some countries, AccorHotels may choose to acquire a minority interest (generally less than 40%) in a local company that is then used as a vehicle for developing hotel projects. In exchange for its investment AccorHotels generally acquires the right to manage the hotels concerned. In most cases, AccorHotels has a seat on the Board, allowing it to participate in decisions proportionately to its percentage interest in the company's capital. However, the power to control the company remains in the hands of the other investors. These companies over which AccorHotels exercises significant influence, directly or indirectly, are qualified as associates and are accounted for by the equity method in the consolidated financial statements.

AccorHotels may also acquire minority interests in real estate companies that own the hotel properties (land and buildings) operated by the Group under a lease or management contract. These interests do not entitle AccorHotels to a seat on the real estate company's Board, and AccorHotels has no right to participate in the process for developing financial and operating policies. Consequently, they are classified as investments in non-consolidated companies under "Other financial investments" in the consolidated financial statements.

B. Business combinations and loss of control – changes in scope of consolidation

B.1. Business Combinations

Business combinations are accounted for applying the acquisition method:

- The acquisition cost is measured at the acquisition date at the fair value of the consideration transferred, including all contingent consideration. Subsequent changes in contingent consideration are accounted for either through profit or loss or through other comprehensive income.

- Identifiable assets and liabilities acquired are measured at fair value. Fair value measurements must be completed within one year. They are performed in the currency of the acquiree. In subsequent years, these fair value adjustments follow the same accounting treatment as the items to which they relate.

- Goodwill is the difference between the consideration transferred and the fair value of the identifiable assets and liabilities assumed at the acquisition date and is recognized as an asset in the statement of financial position (see Note 2.C. Goodwill).

Costs related to business combinations are recognized directly as expenses.

When a business combination is achieved in stages, the previously held equity interest is remeasured at fair value at the acquisition date through profit or loss. The attributable other comprehensive income, if any, is fully reclassified in operating income.

B.2. Loss of control with residual equity interest

The loss of control while retaining a residual equity interest may be analysed as the disposal of a controlling interest followed by the acquisition of a non-controlling interest. This process involves, as of the date when control is lost:

- The recognition of a gain or loss on disposal, comprising:
    - A gain or loss resulting from the percentage ownership interest sold ;
    - A gain or loss resulting from the remeasurement at fair value of the ownership interest retained in the entity.
- The other comprehensive income items are reclassified in the profit or loss resulting from the ownership interest disposed.

B.3. Purchases or disposals of non-controlling interest

Transactions with non-controlling interests in fully consolidated companies that do not result in a loss of control, are accounted for as equity transactions, with no effect on profit or loss or on other comprehensive income.

B.4. Loss of significant influence while retaining a residual interest

The loss of significant interest while retaining a residual interest may be analyzed as the disposal of shares accounted for by the equity method followed by the acquisition of a financial asset. This process involves, as of the date of disposal:

- The recognition of a gain or loss on disposal, comprising:
    - a gain or loss resulting from the percentage ownership interest sold, and;
    - a gain or loss resulting from the remeasurement at fair value of the retained percentage ownership interest.
- The reclassification in profit of all of the other comprehensive income items.

B.5. Acquisitions of asset portfolios

As part of its strategy, the Group may acquire hotels that were previously operated under leases. These acquisitions are generally treated as asset acquisitions other than business combinations as the strategic business processes (i.e. hotel operations) and the generation of economic benefits (i.e. revenues from hotel operations) are already controlled by AccorHotels.

When asset portfolios are acquired, the assets and liabilities are initially recognized at cost including transaction expenses. No deferred taxes are recognized, in accordance with IAS 12.

C. Goodwill

C.1. Positive goodwill

Goodwill, representing the excess of the cost of a business combination over the Group's interest in the net fair value of the identifiable assets and liabilities acquired at the acquisition date, is recognized in assets under "Goodwill". Residual goodwill mainly results from the expected synergies and other benefits arising from the business combination.

In accordance with IFRS 3 (revised), which is applicable to business combinations carried out on or after January 1, 2010, each time it acquires less than 100% interest in an entity, the Group must choose whether to recognize goodwill:

- By the full goodwill method (i.e. on a 100% basis): in this case, non-controlling interests are measured at fair value and goodwill attributable to non-controlling interests is recognized in addition to the goodwill recognized on the acquired interest.
- By the partial goodwill method (i.e. based on the percentage interest acquired, with no change possible later in the event of an additional interest being acquired that does not transfer control): in this case, non-controlling interests are measured as the non-controlling interest's proportionate share of the acquiree's identifiable net assets and goodwill is only recognized for the share acquired.

Goodwill arising on the acquisition of associates – corresponding to companies over which the Group exercises significant influence – is included in the carrying amount of the associate concerned.

Goodwill arising on the acquisition of subsidiaries is reported separately.

In accordance with IFRS 3 (revised) "Business Combinations", goodwill is not amortized but is tested for impairment at least once a year and more frequently if there is any indication that it may be impaired. The methods used to test goodwill for impairment are described in Note 2.E.6. If the carrying amount of goodwill exceeds its recoverable amount, an irreversible impairment loss is recognized in profit.

C.2. Negative goodwill

Negative goodwill, representing the excess of the Group's interest in the net fair value of the identifiable assets and liabilities acquired at the acquisition date over the cost of the business combination, is recognized immediately in profit.

C.3. Reallocation of goodwill following reorganizations

IAS 36, paragraph 87, states that if an entity reorganizes its reporting structure in a way that changes the composition of one or more cash-generating units to which goodwill has been allocated, the goodwill must be reallocated to the units affected based on the relative values of the units' discounted cash flows.

D. Foreign currency translation

The presentation currency is the euro.

The statements of financial position of foreign subsidiaries are translated into euros at the closing exchange rate, and their income statements are translated at the average rate for the period. Differences arising from translation are recorded as a separate component of equity and recognized in profit on disposal of the business.

AccorHotels did not have any subsidiaries operating in hyperinflationary economies in any of the periods presented.

E. Non-current assets

E.1. Intangible assets

In accordance with IAS 38 "Intangible Assets", intangible assets are measured at cost less accumulated amortization and any accumulated impairment losses.

Brands and lease premiums in France (droit au bail) are considered as having indefinite useful lives because the Group considers that there is no foreseeable limit to the period in which they can be used and are therefore not amortized. Their carrying amount is reviewed at least once a year and more frequently if there is any indication that they may be impaired. If their fair value is less than their carrying amount, an impairment loss is recognized (see Note 2.E.6).

Other intangible assets (licenses and software) are considered as having finite useful lives. They are amortized on a straight-line basis over their useful lives.

The clientele of hotels outside France is generally amortized over the life of the underlying lease.

Identifiable intangible assets recognized in a business combination are initially recognized at amounts determined by independent valuations, performed using relevant criteria for the business concerned that can be applied for the subsequent measurement of the assets. Identifiable brands are measured based on multiple criteria, taking into account both brand equity and their contribution to profit.

Software costs incurred during the development phase are capitalized as internally-generated assets if the Group can demonstrate all of the following in accordance with IAS 38:

- Its intention to complete the intangible asset and the availability of adequate technical, financial and other resources for this purpose.
- How the intangible asset will generate probable future economic benefits.
- Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

At the time of signature of management or franchise contracts, AccorHotels may have to pay key money to the owners of the hotels. These payments are necessary to obtain the contracts and are qualified as intangible assets under IAS 38. Key money is amortized over the life of the contracts to which it relates.

E.2. Property, plant and equipment

Property, plant and equipment are measured at purchase cost less accumulated depreciation and any accumulated impairment losses, in accordance with IAS 16 "Property, Plant and Equipment".
Assets under construction are measured at cost less any accumulated impairment losses. They are depreciated from the date when they are put in service.
Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, determined by the components method, from the date when they are put in service. The main depreciation periods applied are as follows:

	Luxury Upscale and Midscale Hotels	Economique
Buildings	50 years	35 years
Building improvements, fixtures and fittings	7 to 25 years	
Capitalized construction-related costs	50 years	35 years
Equipment	5 to 15 years	

E.3. Borrowing costs

Borrowing costs directly attributable to the construction or production of a qualifying asset are included in the cost of the asset. Other borrowing costs are recognized as an expense for the period in which they are incurred.

E.4. Leases and sale and lease back transactions

Leases are analysed based on IAS 17 "Leases".

Leases that transfer substantially all the risks and rewards incidental to ownership of an asset to the lessee are qualified as finance leases and accounted for as follows:

- The leased item is recognized as an asset at an amount equal to its fair value or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.
- A liability is recognized for the same amount, under "Finance lease liabilities".
- Minimum lease payments are allocated between interest expense and reduction of the lease liability.
- The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The asset is depreciated over its useful life, in accordance with Group accounting policy, if there is reasonable certainty that the Group will obtain ownership of the asset by the end of the lease term; otherwise the asset is depreciated by the components method over the shorter of the lease term and its useful life.

Lease payments under operating leases are recognized as an expense on a straight-line basis over the lease term. Future minimum lease payments under non-cancelable operating leases are disclosed in Note 6.

Where ''Sale and Lease Back'' transactions result in an operating lease and it is clear that the transaction is established at fair value, any profit or loss is recognized immediately. Fair value for this purpose is generally determined based on independent valuations.

E.5. Other financial investments

Other financial investments, corresponding to investments in non-consolidated companies, are classified as "Available-for-sale financial assets" and are therefore measured at fair value. Unrealized gains and losses on an investment are recognized directly in equity (in the Fair value adjustments on Financial Instruments reserve) and are reclassified to profit when the investment is sold. A significant or prolonged decline in the value of the investment leads to the recognition of an irreversible impairment loss in profit.
Equity-accounted investments in associates are initially recognized at acquisition cost, including any goodwill. Their carrying amount is then increased or decreased to recognize the Group's share of the associate's profits or losses after the date of acquisition.

An impairment test is performed whenever there is objective evidence indicating that an investment's recoverable amount may be less than its carrying amount. Possible indications of impairment include a fall in the share price if the investee is listed, evidence of serious financial difficulties, observable data indicating a measurable decline in estimated cash flows, or information about significant changes with an adverse effect on the investee. Whenever there is an indication that an investment may be impaired, an impairment test is performed by comparing the investment's recoverable amount to its carrying amount.

E.6. Recoverable value of assets

In accordance with IAS 36 "Impairment of Assets", the carrying amounts of property, plant and equipment, intangible assets and goodwill are reviewed and tested for impairment when there is any indication that they may be impaired and at least once a year for the following:

- Assets with an indefinite useful life such as goodwill, brands and lease premiums.
- Intangible assets not yet available for use.

Criteria used for impairment tests

For impairment testing purposes, the criteria considered as indicators of a possible impairment in value are the same for all businesses:

- 15% drop in revenue, based on a comparable consolidation scope; or
- 30% drop in EBITDA, based on a comparable consolidation scope.

Cash-generating unit

Impairment tests are performed individually for each asset except when an asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. In this case, it is included in a cash-generating unit (CGU) and impairment tests are performed at the level of the cash-generating unit.

In the opening balance sheet at January 1, 2014, goodwill was reallocated between the HotelServices and HotelInvest strategic businesses created to support the Group's change of strategy and related reorganization.
In previous years, goodwill was allocated by region, country or hotel. The reallocation was based on discounted cash flow projections between the two strategic businesses for each region or country.

In the HotelInvest strategic business, the CGU's carrying amount includes property and equipment and intangible assets for each hotel, including allocated goodwill. Impairment tests are performed at the level of each individual hotel.
In the HotelServices strategic business, the CGU's carrying amount includes the property and equipment and intangible assets used in each region or country.

Other assets, notably intangibles, are tested individually when they generate separately identifiable cash inflows.

Methods used to determine recoverable value

Impairment tests consist of comparing the carrying amount of the asset or the CGU with its recoverable value. The recoverable value of an asset or a CGU is the higher of its fair value less costs to sell and its value in use.

For property, plant and equipment and goodwill, the recoverable value of all the assets or the CGUs is determined by two methods, the EBITDA multiples method (fair value approach) and the after-tax discounted cash flows method (value in use approach).

For intangible assets except goodwill, the recoverable value of an intangible asset is determined according to the discounted cash flow method only, due to the absence of an active market and comparable transactions.

Description of the methods:

1. Valuation by the EBITDA multiples method

HotelInvest recoverable amounts are estimated using fair values calculated based on a standard EBITDA multiple. For hotel properties, this method is considered as the most appropriate approach to estimating fair value less costs to sell, as it most closely reflects the amount that would be expected to be recovered through the sale of the asset.

The multiples method consists of calculating each hotel's average EBITDA for the last two years and applying a multiple based on the hotel's location and category. The multiples applied by the Group correspond to the average prices observed on the market for transactions and are as follows:

Segment	Coefficients
Luxury and Upscale Hotels	8 < x < 10,5
Midscale Hotels	7,5 < x < 9
Economy Hotels	6,5 < x < 8,5

This is a level 2 valuation technique under IFRS 13.

If the recoverable amount is less than the carrying amount, the asset's recoverable amount will be recalculated according to the discounted cash flows method.

2. Valuation by the discounted cash flows method

HotelServices recoverable amounts are estimated using the value in use determined by the discounted cash flows method.

The projection period is limited to five years. Cash flows are discounted at a rate corresponding to the year-end weighted average cost of capital. Separation calculations are performed based on each country/region's specific characteristics. The projected long-term rate of revenue growth reflects each country/region's economic outlook.

This is a level 3 valuation technique under IFRS 13.

Impairment loss measurement

If the recoverable amount is less than the carrying amount, an impairment loss is recognized in an amount corresponding to the lower of the losses calculated by the EBITDA multiples and discounted cash flows methods. Impairment losses are recognized in the income statement under "Impairment losses" (see Note 2.S.6).

Reversal of an impairment loss

In accordance with IAS 36 "Impairment of Assets", impairment losses on goodwill as well as on intangible assets with a finite useful life, such as patents and software, are irreversible. Losses on property, plant and equipment and on intangible assets with an indefinite useful life, such as brands, are reversible in the case of a change in estimates used to determine their recoverable amount.

E.7. Assets or disposal groups held for sale

Assets are classified as "held for sale" when they are available for immediate sale in their present condition, their sale is highly probable, management is committed to a plan to sell the asset and an active program to locate a buyer and complete the plan has been initiated. Depreciation or amortization of the asset is discontinued from the date of classification as held for sale.

In accordance with IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations", assets or group of assets held for sale are presented separately on the face of the statement of financial position, at the lower of their carrying amount and fair value less costs to sell.

This item groups together:

- Non-current assets held for sale;
- Groups of assets held for sale;
- The total current and non-current assets related to a business or geographical segment (i.e. to a discontinued operation) itself held for sale.

F. Inventories

Inventories are measured at the lower of cost and net realizable value, in accordance with IAS 2 "Inventories". Cost is determined by the weighted average cost method.

G. Prepaid expense

Prepaid expense corresponds to expenses paid during the period that relate to subsequent periods. They also include the effect of recognizing rental expense on a straight-line basis over the life of the lease. Prepaid expense is included in "Other receivables and accruals".

H. Employee benefits expense

Employee benefits expense includes all amounts paid or payable to employees, including statutory and discretionary profit-sharing, pension contributions, payroll taxes and the cost of share-based payments. It also includes the cost of outsourced services.

A “Crédit d’Impôt pour la Compétitivité et l’Emploi” (CICE) tax credit was introduced in the 3rd 2012 Rectified Finance Act with the aim of making French businesses more competitive by reducing labor costs for certain employees. The CICE consists in substance of a government grant to be spent by companies on measures to improve their competitiveness. It is therefore accounted for in accordance with IAS 20 “Accounting for Government Grants and Disclosure”. As allowed under IAS 20, the Group has chosen to record it as a deduction from the related expenses, i.e. as a deduction from payroll costs. The CICE recorded in the December 31, 2015 financial statements in respect of previously recognized payroll costs amounts to €18.6 million; it amounted to €18.8 million at December 31, 2014.

I. Provisions

In accordance with IAS 37 “Provisions, Contingent Liabilities and Contingent Assets”, a provision is recognized when the Group has a present obligation (legal, contractual or implicit) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Provisions are determined based on the best estimate of the expenditure required to settle the obligation, in application of certain assumptions. Provisions are discounted when the effect of the time value of money is material, using a discount rate that reflects current market assessments of the time value of money. The most commonly applied rates are the prime long-term corporate bond rate or the government bond rate.

Provisions for restructuring costs are recorded when the Group has a detailed formal plan for the restructuring and the plan’s main features have been announced to those affected by it as of the close of accounts.

J. Pensions and other post-employment benefits

The Group offers various supplementary pension, length-of-service award and other post-employment benefit plans, in accordance with the laws and practices of the countries where it operates. These plans are either defined contribution or defined benefit plans.

Under defined contribution plans, the Group pays fixed contributions into a separate fund and has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay benefits. Contributions under these plans are recognized immediately as an expense.

For defined benefit plans, under which the Group has a legal or constructive obligation to provide agreed benefits to current and future employees in exchange for a given level of service (including multi-employer plans when the manager is able to provide the necessary information), the Group’s obligations are determined in accordance with IAS 19 “Employee Benefits”.

The Group’s obligation is determined by the projected unit credit method based on actuarial assumptions related to future salary levels, retirement age, mortality, staff turnover and the discount rate. These assumptions take into account the macro-economic environment and other specific conditions in the various host countries.

Pension and other retirement benefit obligations take into account the market value of plan assets. The amount recognized in the statement of financial position corresponds to the discounted present value of the defined benefit obligation less the fair value of plan assets. Any surpluses, corresponding to the excess of the fair value of plan assets over the projected benefit obligation, are recognized only when they represent the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Current service cost, past service cost, administrative expense, taxes for the year, and paid contributions and benefits are recognized in operating expense, whereas net interest on the net defined benefit liability (asset) is recognized in financial expense (income).

For post-employment benefits, actuarial gains and losses arising from changes in actuarial assumptions and experience adjustments are recognized immediately in equity. However, actuarial gains and losses on long-term benefit obligations towards active employees (such as jubilees, seniority bonuses…) are recognized directly in profit or loss in net financial expense.

The net defined benefit obligation is recognized in the statement of financial position under “Non-current Provisions”.

K. Translation of foreign currency transactions

Foreign currency transactions are recognized and measured in accordance with IAS 21 “Effects of Changes in Foreign Exchange Rates”. As prescribed by this standard, each Group entity translates foreign currency transactions into its functional currency at the exchange rate on the transaction date.

Foreign currency receivables and payables are translated into euros at the closing exchange rate. Foreign currency financial liabilities measured at fair value are translated at the exchange rate on the valuation date. Gains and losses arising from translation are recognized in “Net financial expense”, except for gains and losses on financial liabilities measured at fair value which are recognized in equity.

L. Income taxes

Income tax expense (or benefit) includes both current and deferred tax expense (or benefit).

Current taxes on taxable profits for the reporting period and previous periods are recognized as liabilities until they are paid.

In accordance with IAS 12 “Income Taxes”, deferred taxes are recognized on temporary differences between the carrying amount of assets and liabilities and their tax base by the liability method. This method consists of adjusting deferred taxes at each period-end, based on the last tax rates (and tax laws) that have been enacted or substantively enacted. The effects of changes in tax rates (and tax laws) are recognized in the income statement for the period in which the rate change is announced.

A deferred tax is recognized for all temporary differences, except when it arises from the initial recognition of non-deductible goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and which, at the time of the transaction, affects neither accounting profit nor taxable profit.

A deferred tax liability is recognized for all taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures except when:

- The Group is able to control the timing of the reversal of the temporary difference; and
- It is probable that the temporary difference will not reverse in the foreseeable future.

A deferred tax asset is recognized for ordinary and evergreen tax loss carryforwards only when it is probable that the asset will be recovered in the foreseeable future based on the most recently updated projections.

Income taxes are normally recognized in the income statement. However, when the underlying transaction is recognized in equity, the related income tax is also recorded in equity.

In accordance with IAS 12, deferred taxes are not discounted.

In France, the "*taxe professionnelle*" local business tax was replaced in the 2010 Finance Act by the "*Contribution Economique Territoriale*" tax (CET). The CET comprises two separate taxes, a tax assessed on the rental value of real estate ("CFE") and a tax assessed on the value added by the business ("CVAE"). AccorHotels decided therefore to classify CVAE as income tax.

The second Amended 2012 Finance Act introduced a 3% surtax on dividends and other distributions paid by companies that are subject to French corporate income tax. The surtax is treated as an income tax expense arising as of the date of the Annual Shareholders’ Meeting at which the dividend is approved. In 2015, the Group therefore recognized additional income tax expense of €4.8 million in its financial statements in respect of the 2014 dividends paid in 2015. In 2014, the Group recognized additional income tax expense of €3.7 million in its financial statements in respect of the 2013 dividends paid in 2014.

M. Share-based payments

M.1. SHARE-BASED PAYMENTS

Stock Option Plans

AccorHotels regularly sets up option plans for executives, as well as for senior and middle managers. IFRS 2 applies to all stock option plans outstanding at December 31, 2015.

- For some plans, grantees must still be employed by the Group at the starting date of the exercise period.
- The other plans are a performance option plan with vesting conditions based on performance in relation to the market.

The service cost representing consideration for the stock options is recognized in expense over the vesting period by adjusting equity. The expense recognized in each period corresponds to the fair value of equity instruments granted at the grant date, as determined using the Black & Scholes option-pricing model. The grant date is defined as the date when the plan's terms and conditions are communicated to Group employees corresponding to the issuance dates.

Under IFRS 2, vesting conditions, other than market conditions, are not taken into account when estimating the fair value of the options but are taken into account by adjusting the number of equity instruments included in the measurement of the transaction amount, so that, ultimately, the amount recognized for goods and services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

Market conditions are taken into account when estimating the fair value of the equity instruments granted, leading to the options being valued at a discounted price. The value attributed to the discount cannot be adjusted, whatever the extent to which the performance conditions have been met at the end of the vesting period. It is determined using the Monte Carlo method, which consists of simulating the performance of AccorHotels shares and the corresponding index according to a sufficiently large number of Brown scenarios. Assumptions concerning the probability of options being exercised are also factored into the Monte Carlo model.

When the options are exercised, the cash settlement is recorded in cash and cash equivalents and in equity. The amount recognized in equity is allocated between "Share capital" and "Additional paid-in capital".

Performance shares plans

Performance shares plans are also recognized and measured in accordance with IFRS 2. The recognition and the measurement principles are those used to recognize and measure the stock option plans excepted for the measurement of the cost of the performance share plans corresponding to the AccorHotels opening share price on the grant date less the present value of dividends unpaid multiplied by the number of shares issued.

M.2. TREASURY STOCK

AccorHotels shares held by the Company and/or subsidiaries are recognized as a deduction from equity.

Gains and losses on sales of treasury stock (and the related tax effect) are recognized directly in equity without affecting profit. No impairment losses are recognized on treasury stock.

M.3 PERPETUAL SUBORDINATED NOTES

Perpetual subordinated notes are accounted for in accordance with IAS 32 taking into account their specific characteristics. They are recorded in equity at historical cost when AccorHotels has an unconditional right to avoid delivering cash or another financial asset to settle the contractual obligation.

Interest paid on these notes is recorded as a deduction from equity. The related tax effect is booked in Profit and Loss. The interest paid are tax deductible.

N. Financial instruments

Financial assets and liabilities are recognized and measured in accordance with IAS 39 "Financial Instruments, Recognition and Measurement", and its amendments.

Financial assets and liabilities are recognized in the statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

N.1. Financial assets

Financial assets are classified between the three main categories defined in IAS 39, as follows:

- "Loans and receivables" mainly comprise time deposits and loans to non-consolidated companies. They are initially recognized at fair value and are subsequently measured at amortized cost at each balance-sheet date. If there is an objective indication of impairment, an impairment loss is recognized at the balance-sheet date. The impairment loss corresponds to the difference between the carrying amount and the recoverable amount (i.e. the present value of the expected cash flows discounted using the original effective interest rate) and is recognized in profit or loss. This loss may be reversed if the recoverable amount increases in a subsequent period.

- "Held to maturity investments" mainly comprise bonds and other money market securities intended to be held to maturity. They are initially recognized at fair value and are subsequently measured at amortized cost at each balance-sheet date. If there is an objective indication of impairment, an impairment loss is recognized at the balance-sheet date. The impairment loss corresponds to the difference between the carrying amount and the recoverable amount (i.e. the present value of the expected cash flows discounted using the original effective interest rate) and is recognized in profit or loss. This loss may be reversed if the recoverable amount increases in a subsequent period.

  For these two categories, initial fair value is equivalent to acquisition cost, because no material transaction costs are incurred.

- "Available-for-sale financial assets" mainly comprise investments in non-consolidated companies, equities, mutual fund units and money market securities. These assets are measured at fair value, with changes in fair value recognized in equity. The fair value of listed securities corresponds to market price (level 1 valuation technique: see Note 2.R) and the fair value of unlisted equities and mutual funds corresponds to their net asset value (level 1 valuation technique: see Note 2.R). For unlisted securities, fair value is estimated based on the most appropriate criteria applicable to each individual investment (using level 3 valuation techniques that are not based on observable data: see Note 2.R). Securities that are not traded on an active market, for which fair value cannot be reliably estimated, are carried in the statement of financial position at historical cost plus any transaction expenses. When there is objective evidence of a significant or prolonged decline in value, the cumulative unrealized loss recorded in equity is reclassified to the income statement and can't be reversed.

N.2. Derivative financial Instruments

Derivative financial instruments such as interest rate and currency swaps, caps and forward purchases of foreign currencies, are used to hedge exposures to changes in interest rates and exchange rates.

They are measured at fair value. Changes in fair value are recognized in profit, except for instruments qualified as cash flow hedges (hedges of variable rate debt) for which changes in fair value are recognized in equity.

The fair value of interest rate derivatives is equal to the present value of the instrument's future cash flows, discounted at the interest rate for zero-coupon bonds.

The fair value of currency derivatives is determined based on the forward exchange rate at the period-end.

N.3. Financial liabilities hedged by derivative instruments

Financial liabilities hedged by derivative instruments qualify for hedge accounting. The derivative instruments are classified as either fair value hedges or cash flow hedges.

Financial liabilities hedged by fair value hedges are measured at fair value, taking into account the effect of changes in interest rates. Changes in fair value are recognized in profit and are offset by changes in the fair value of the hedging instrument.
Financial liabilities hedged by cash flow hedges are measured at amortized cost. Changes in the fair value of the hedging instrument are accumulated in equity and are reclassified into profit in the same period or periods during which the financial liability affects profit.

N.4. Bank borrowings

Interest-bearing drawdowns on lines of credit and bank overdrafts are recognized for the amounts received, net of direct issue costs.

N.5. Other financial liabilities

Other financial liabilities are measured at amortized cost. Amortized cost is determined by the effective interest method, taking into account the costs of the issue and any issue or redemption premiums.

O. Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, and short-term investments in money market instruments. These instruments have maturities of less than three months and are readily convertible into known amounts of cash; their exposure to changes in value is minimal.

P. Liabilities associated with assets classified as held for sale

In accordance with IFRS 5 “Non-Current Assets Held for Sale and Discontinued Operations”, this item includes all the liabilities (excluding equity) related to assets or a disposal group classified as held for sale or to a discontinued operation (see Note 2.E.7).

Q. Put Options granted by AccorHotels

IAS 32 “Financial Instruments: disclosures and presentation” requires that the value of the financial commitment represented by put options granted by AccorHotels to minority interests in subsidiaries, be recognized as a debt.

For put options granted before January 1, 2010, the difference between the debt and the related minority interests in the statement of financial position, corresponding to the portion of the subsidiary’s net assets represented by the shares underlying the put, is recognized as goodwill. When the exercise price is equal to the fair value of the shares, the amount of the debt is determined based on a multiple of the EBITDA reflected in the 5-year business plan of the subsidiary concerned and is discounted. Changes in the debt arising from business plan adjustments are recognized in goodwill. Discounting adjustments are recognized in financial expense.

For put options granted on or after January 1, 2010, changes in the debt are treated as reclassifications in equity and therefore have no impact on profit, in accordance with IAS 27 (revised).

R. Fair value

The fair value corresponds to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In accordance with IFRS 13 “Fair value measurement”, the fair value hierarchies have the following levels:

a) Level 1: fair value measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities;

b) Level 2: fair value measured by reference to inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

c) Level 3: fair value measured by reference to inputs for the asset or liability that are not based on observable data (unobservable inputs).

S. Income statement and cash flow statement presentation

S.1. Revenue

In accordance with IAS 18 "Revenue", revenue corresponds to the value of goods and services sold in the ordinary course of business by fully consolidated companies. It includes:

- For directly owned and leased hotels, all revenue received from clients for accommodation, catering and other services, and
- For managed and franchised hotels, all management and franchise fees.

The Group applies the guidance provided in IAS 18 to determine whether it acts as the principal or an agent in its contractual hotel management relationships. For the purpose of applying IAS 18, the Group is considered as acting as the principal when it has exposure to the significant risks and rewards associated with the rendering of services. In this case, the revenue and related expenses are reported separately in the income statement. When the above criterion is not met, the Group is considered as acting as an agent and only the remuneration corresponding to the agency fee is recognized in revenue.

In accordance with IAS 18 "Revenue", revenue is measured at the fair value of the consideration received or receivable, net of all discounts and rebates, VAT, other sales taxes and fair value of customer loyalty programs.

Revenue from product sales is recognized when the product is delivered and the significant risks and rewards of ownership are transferred to the buyer.
Revenue from sales of services is recognized when the service is rendered.

Revenue from sales of loyalty programs is recognized on a straight-line basis over the life of the cards in order to reflect the timing, nature and value of the benefits provided.

When sales of products or services are covered by a customer loyalty program, the revenue invoiced to the customer is allocated between the product or the service sold and the award credits given by the third party granting the loyalty points. The consideration allocated to the award credits, which is measured by reference to the fair value of the points granted, is deferred and recognized as revenue when the customer redeems the award credits – i.e. when an award is received in exchange for converting the loyalty points.

S.2. EBITDAR

Earnings before interest, tax, depreciation, amortization and rental expense and share of profit of associates after tax (EBITDAR) correspond to revenue less operating expense.

EBITDAR is used as a key management indicator.

It is also used to calculate the flow-through ratio and the reactivity ratio. The flow-through ratio, which is used when revenue goes up, corresponds to change in like-for-like EBITDAR/change in like-for-like revenue. The reactivity ratio, used when revenue goes down, is defined as 1- (change in like-for-like EBITDAR/change in like-for-like revenue).

S.3. Rental expense and Depreciation, amortization and provision expense

Rental expense and depreciation, amortization and provision expense reflect the operating costs of holding leased and owned assets. For this reason, an additional sub-total has been included in the income statement. Under this presentation:

1. EBITDA corresponds to gross profit after the operating costs of holding leased assets.
2. EBIT corresponds to gross operating profit after the operating costs of holding both leased and owned assets. This indicator is also used as the benchmark for determining senior management and other executive compensation, as it reflects the economic performance of each business.

These two indicators are used regularly by the Group to analyze the impact of the operating costs of holding assets on the consolidated financial statements.

S.4. Operating profit before tax and non-recurring items

Operating profit before tax and non-recurring items corresponds to the results of operations of the Group's businesses less the related financing cost. Net financial expense and the share of profit of associates after tax represent an integral part of consolidated operating profit before tax and non-recurring items to the extent that they contribute to the performance indicators used by the Group.

S.5. Restructuring costs

Restructuring costs correspond to all the costs incurred in connection with restructuring operations.

S.6. Impairment losses

Impairment losses correspond to all the losses and provisions recorded in accordance with IAS 36 "Impairment of Assets" including impairments of investments in associates.

S.7. Gains and losses on management of hotel properties

Gains and losses on management of hotel properties arise from the disposals of hotel assets.

S.8. Gains and losses on management of other assets

This item corresponds to gains and losses on management of fixed assets other than hotels and movements in provisions, as well as other gains and losses on non-recurring transactions. The concerned transactions are not directly related to the management of continuing operations.

S.9. Operating profit before tax

Operating profit before tax corresponds to operating profit after income and expenses that are unusual in terms of their amount and frequency that do not relate directly to the Group's ordinary activities.

S.10. Profit or loss from discontinued operations

A discontinued operation is a component of AccorHotels that has been disposed of or is classified as held for sale and:
- Represents a separate major line of business or geographical area of operations;
- Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations or;
- Is a subsidiary acquired exclusively with a view to resale.

Profit or loss from discontinued operations corresponds to:

- The profit or loss net of tax of the discontinued operations carried out until the date of transfer or until the closing date if the discontinued operation is not sold at this date.
- The gain or loss net of tax recognized on the disposal of the discontinued operations if the discontinued operation has been sold before the closing date.

S.11. Cash flow statement

The cash flow statement is presented on the same basis as the management reporting schedules used internally to manage the business. It shows cash flows from operating, investing and financing activities.

Cash flows from operating activities include:

- Funds from operations, before non-recurring items and after adjustment for changes in deferred taxes and gains and losses on disposals of assets.
- Cash received and paid on non-recurring transactions.
- Changes in working capital.

Cash flows from investing activities comprise:

- Renovation and maintenance expenditure to maintain in a good state of repair operating assets held at January 1 of each year.
- Development expenditure, including the fixed assets and working capital of newly consolidated subsidiaries and additions to fixed assets of existing subsidiaries.
- Development expenditure on non-current assets classified as held for sale.
- Proceeds from disposals of assets.

Cash flows from financing activities include:

- Changes in equity.
- Changes in debt.
- Dividends.

T. Earnings per share

The methods used to calculate basic and diluted earnings per share are in accordance with IAS 33 “Earnings Per Share”.

The interest paid in relation to securities recognized as equity (see Note 2 M.3) is deducted from the earnings amount used to calculate earnings per share.

U. Other information

Current assets and liabilities are assets and liabilities that the Group expects to recover or settle:

- In the normal course of business, or
- Within twelve months of the period-end.

Note 3. Significant Events and Changes in Scope of Consolidation

On June 3, 2015, AccorHotels announced that it was changing its name to AccorHotels. The idea is to enable the Group brand and the hotel brands to cement their reciprocal bonds while also linking the name to the Group's digital platform.

3.1. HotelServices

A. Acquisition of the Fairmont, Raffles and Swissotel Group (scheduled to be completed in June 2016)

On December 9, 2015, AccorHotels announced the signing of an agreement with the Qatar Investment Authority (QIA), Kingdom Holding Company (KHC) of Saudi Arabia and Oxford Properties, an Ontario Municipal Employees Retirement System (OMERS) company for the acquisition of FRHI Holdings Ltd (FRHI), parent of Fairmont, Raffles, and Swissôtel.
FRHI has 155 hotels (of which 40 are under development), and more than 56,000 rooms (of which approximately 13,000 are under development) in 34 countries. Most of these hotels are operated under management contracts. With nearly 500 luxury and upscale properties, AccorHotels will become one of the key global players in this segment. AccorHotels aims to generate around €65 million in revenue and cost synergies thanks to the combination of brands, the maximization of hotel earnings, the increased efficiency of marketing, sales and distribution channel initiatives, and the optimization of support costs. Significant improvements will also be made in terms of customer data, thanks to the integration of a customer base including 3 million loyalty members, of which 75% are North Americans. The transaction will be accretive on earnings per share from the second year, with synergies fully effective by the third year.
The operation will be funded through the cash payment of $840 million (circa €768 million) and the issuance of 46.7 million Accor shares. These shares will be issued via a reserved capital increase. The transaction will leave QIA and KHC respective stakes of 10.5% and 5.8% in Accor's share capital. Two representatives of QIA and one representative of KHC will be appointed to the AccorHotel Board of Directors.
This transaction is subject to the regulatory approvals of the antitrust authorities and the approval of shareholders at an Extraordinary Shareholders' Meeting.
In addition, in early January 2016, AccorHotels purchased euro/dollar currency hedges on a total notional amount of $840 million.
This announced transaction had no impact on the consolidated financial statements at December 31, 2015.

B. Digital transformation and acquisition of fastbooking

On October 30, 2014, AccorHotels announced a five-year, €225 million investment plan. The aim of this strategic plan is to rethink and incorporate digital technology throughout the customer journey, improve the services on offer for investor partners and consolidate the Group's distribution market share. The €225 million envelope earmarked for the 2014-2018 period will be allocated to capital expenditure for 55% and to operating expenditure for the remaining 45%. The plan is in the process of being implemented.
In line with its digital transformation objectives, in October 2014 AccorHotels also acquired French start-up Wipolo, which has developed a cutting-edge mobile travel app "Compagnon de voyage", for an acquisition price of €1.9 million. The provisional goodwill as of December 31, 2014, for an amount of €2.3 million, was fully allocated to licences and software.

On April 17, 2015, AccorHotels announced its acquisition of FastBooking, a company specialized in providing digital services to hotel operators, for €1.8 million. As the fair value of assets acquired had a negative value of €2.9 million, a goodwill of €4.9 million was recognized on the transaction. The company is fully consolidated in the Group's financial statements.

On June 3, 2015, AccorHotels announced that it would be opening its AccorHotels.com distribution platform to independent hotels selected on the basis of certain hotel criteria, as well as on guest reviews. In time, the objective is to reach the number of 10,000 hotels offered on AccorHotels.com. Over the first two years of its roll-out, this initiative will represent an additional investment corresponding to around 10% of the cost of the Group's digital plan.
These two initiatives form part of the Group's move to create a new BtoB digital services division. AccorHotels now offers a wider range of digital and technical solutions to all its partners, as well as more support, guaranteeing them greater visibility as well as an increase in their indirect web booking volumes.

C. Finalisation of a strategic alliance with Huazhu in January 2016

On December 14, 2014, AccorHotels and Nasdaq-listed Huazhu Hotels Group (also known as China Lodging) announced the signature of a strategic alliance in China, which was finalized on January 25, 2016. As part of the arrangement, AccorHotels' Economy and Midscale hotels in China is sold to Huazhu, which holds an exclusive master franchise agreement for the ibis, ibis Styles and Mercure brands. It will also develop and operate the Grand Mercure and Novotel brands as per Co-Development agreements. Huazhu also becomes a minority shareholder in AccorHotels' Luxury and Upscale business in China, with a 29.3% stake. Twelve hotels are also transferred to Huazhu and were reclassified as "Assets held for sale" at December 31, 2015.
AccorHotels will have a 10.8% stake in Huazhu, including a stake of 1,8% acquired from the open market in the first half of 2015 for 22 million euros and a seat on the company's Board of Directors. This major alliance enables the two groups to accelerate their development, with a medium-term objective of 350 to 400 new hotels under AccorHotels brands. The agreement also gives the members of both partners' loyalty programs access to a combined network of around 6,500 hotels worldwide.

3.2. HotelInvest

As part of its strategy, the HotelInvest division is aiming to streamline its hotel portfolio.

A. Exclusive negotiations for the sale of a portfolio of 85 hotels in Europe

On January 27, 2016, AccorHotels announced that it had begun exclusive negotiations with a new hotel investment company for the sale of 85 owned or leased hotels for €504 million.
The portfolio comprises one Pullman, 19 Novotel, 13 Mercure, 35 ibis, 3 ibis Styles and 14 ibis budget hotels. Most of these hotels are located in France and Spain. All of the hotels will remain under AccorHotels brands via franchise agreements. The investment company will begin operations before the end of first-half 2016 and will ultimately become HotelServices' largest franchisee. It will be 70%-owned by Eurazeo and 30% owned by AccorHotels. The two partners may rapidly be joined by a third institutional investor. The newly created entity will have access to significant resources to restructure and develop its portfolio, including a hotel renovation budget of more than €100 million.

AccorHotels will sell all of the 85 hotel businesses included in the transaction, as well as 28 owned hotel properties for a total of €146 million, corresponding to their gross asset value (GAV). The other 57 hotel properties are currently owned by Foncière des Régions, Axa IM-RE and Invesco. AccorHotels has signed agreements to purchase these hotels, with a clause allowing it to substitute another buyer. This clause will enable the properties to be purchased directly by the new entity, for €358 million.
All of the assets related to these hotels (buildings, furniture) have been reclassified as "Assets held for sale" at December 31, 2015.
The transaction will be the subject of a consultation procedure with employee representatives.

B. ACQUISITIONS OF ASSET PORTFOLIOS

AccorHotels has announced the purchase of four portfolios of hotel assets in Europe representing 72 hotels (7,914 rooms), for a total of €565 million. For the first three portfolios, the purchase agreements include a buyer substitution clause allowing HotelInvest to transfer the agreement to an investment company. These four separate transactions concern:

- A portfolio of 43 hotels (4,237 rooms) to be purchased from Foncière des Murs (Foncière des Régions group) for a total of €281 million. The hotels have been operated under variable leases by AccorHotels since 2005 and 2007, under the ibis budget, ibis, Novotel, Mercure, Pullman and Sofitel brands. Among these 43 hotels, 40 are intended to be purchased directly by the new hotel investment company and their furniture has therefore been reclassified as "Assets held for sale" at December 31, 2015.
  The purchase of one hotel (Biarritz Sofitel) has already been completed, for €27 million. At the same time, and in light of the good performances of the other 80 hotels owned by Foncière des Murs in France and in Belgium, HotelInvest has agreed to renew their leases when the time comes, for a further 12-year period.

- A portfolio of 19 hotels in France (1,512 rooms) to be purchased from Axa IM-RE for €56 million. These hotels have been operated under variable leases by AccorHotels since 2008, under the ibis budget, ibis, Novotel and Mercure brands. Among these 19 hotels, 12 are intended to be purchased directly by the new hotel investment company and their furniture has therefore been reclassified as "Assets held for sale" at December 31, 2015.

- A portfolio of six hotels (1,347 rooms) to be purchased from Invesco for €152 million. Located in Germany, Italy, the Netherlands and Austria, these hotels were operated under fixed and variable leases under the Novotel and Mercure brands. Among these six hotels, five are intended to be purchased directly by the new hotel investment company and their furniture has therefore been reclassified as "Assets held for sale" at December 31, 2015.

All of these transactions are scheduled to be finalized during first-half 2016. They are subject to the usual conditions for this type of transaction.

- A portfolio of four Novotel hotels (818 rooms) in Spain to be purchased from Deutsche AWM for €77 million. These hotels were operated under fixed leases. The transaction was completed on November 27, 2015, leading to the immediate recognition of a €17 million impairment loss but generating an annual improvement in EBIT of around €4 million.

C. TRANSFER TO ORBIS OF THE MANAGEMENT OF ACCORHOTELS'S CENTRAL EUROPEAN OPERATIONS

Under the terms of the agreement signed on January 7, 2015, Orbis takes over all of AccorHotels' operations in the region, including in Poland, Hungary, the Czech Republic, Slovakia, Romania, Bulgaria and Macedonia. Its task is to develop all of AccorHotels' hotel banners in the region through a master franchise agreement for all of the Group's brands. Orbis acquired AccorHotels' operating subsidiaries in the abovementioned countries for a total of €142 million, thereby taking control of a network of 38 existing hotels and 8 hotels in the pipeline as of January 7, 2015. Orbis is 52.7%-owned by AccorHotels and is fully consolidated. These transactions have been treated as equity transactions in accordance with IFRS 10 and therefore have no impact on the “Net Profit or Loss”. They resulted in the transfer of €4 million between "Shareholders' equity, Group share" and "Minority interests".

D. SALE AND MANAGEMENT-BACK OF THE ZURICH MGALLERY

On February 18, 2015, AccorHotels announced the signature of an agreement relating to the sale and management-back of the Zurich MGallery to a private investor, already an AccorHotels franchisee, for a total of €55 million. This amount includes the sale price of €32 million and a commitment from the buyer to carry out €23 million worth of renovations. This operation has generated a net debt impact including fees of €30 million.
The hotel will continue to be operated by AccorHotels under a long-term management contract. The hotel property was bought back by AccorHotels as part of a portfolio of properties previously owned by Axa Real Estate.

E. SALE & FRANCHISE BACK OF 29 HOTELS IN GERMANY AND THE NETHERLANDS

On April 29, 2015, AccorHotels announced the sale and franchise-back of 29 hotels (3,354 rooms) in Germany and the Netherlands for a total value of €234 million. This amount includes the sale price of €209 million and a commitment from the buyer to carry out €25 million worth of renovations. The transaction with Germany company Event Hotels has been finalized on September 30, 2015 generating a profit impact of € (9) million and a net debt impact of €202 million. On 29 hotels, 27 hotels were bought back by AccorHotels as part of a portfolio of properties previously owned by Moor Park in 2014.

F. SALE & FRANCHISE-BACK OF NINE HOTELS IN THE UNITED KINGDOM AND IRELAND

On May 21, 2015, AccorHotels announced the sale and franchise-back of seven hotels (708 rooms) for €32.6 million, together with a commitment from the buyers to carry out €5.2 million worth of renovations. Six of the seven hotels were bought back by AccorHotels as part of a portfolio of properties previously owned by Tritax in 2014. In July 2015, AccorHotels has sold two more ibis previously owned by Tritax. The transactions with three buyers: Starboard Hotels Ltd, Hetherley Capital Partners and S&J Group were finalized in 2015 generating a profit impact of €2 million and a net debt impact of €36 million.

G. SUMMARY OF REAL ESTATE TRANSACTIONS

The main real estate transactions carried out by the Group at December 31, 2015 are as follows:

2015		Number of transactions	Sale price	Net Debt impact	Adjusted net debt impact
"Sale & Variable Lease-Back" transactions		8	-	11	31
"Sale & Management-Back" transactions	(a)	10	61	71	98
"Sale & Franchise-Back" transactions and outright sales	(b)	75	311	267	330
TOTAL		93	372	349	458

(a) At the end of 2015, the main transactions related to the sale of Zürich Continental MGallery in Switzerland, the sale of ibis Sion Est and ibis Rothrist Olten in Switzerland (net debt impact: €18 million), the sale of the ibis Bogota and ibis Medellin (net debt impact: €13 million) and the sale of Mercure Nice Centre Notre Dame (net debt impact: €14 million).

(b) At the end of 2015, the main operations related to the sale of 29 hotels in Germany and the Netherlands, the sale of nine ibis hotels in the United Kingdom and Ireland (8 concerning Tritax operation) and the sale of two Novotel in Canada (net debt impact: €22 million).

In addition, the acquisition of a portfolio of four Novotel units in Spain led to the cancellation of €36 million worth of rent commitments. As a result, the total impact of transactions for the period on adjusted net debt was €494 million.

3.3. Colony Capital / Eurazeo

In March 2015, the members of the shareholders' pact sold half of their AccorHotels shares. At December 31, 2015, these shareholders held a total of 26,080,517 shares, representing 11.08% of the Company's share capital and 19.26% of its voting rights, and still had 4 seats on the Board of Directors.

3.4. Bond issues

On September 17, 2015, Accor successfully set the terms of a €500 million 2.375% 8-year bond (issue due September 17, 2023). It has enabled Accor to partially repurchase two bonds maturing in 2017 (2.875% coupon) and 2019 (2.50% coupon), for a total amount of €598 million split as follows: €333 million on the 2017 bond and €265 million on the 2019 bond.
These operations have been treated as debt modification in line with IAS 39 principles; all related costs are amortized over the remaining life of the bond.

Orbis, which is 52.7% owned by the AccorHotels Group, successfully issued on June 26, 2015 floating-rate bonds (6-month WIBOR +0.97% margin) in the amount of 300 million zloty (€72 million) maturing in 5 years (maturity June 26, 2020), with a first coupon of 2.76%.

3.5. Accorhotels moves its headquarters to Issy-les-Moulineaux

On July 16, 2015, AccorHotels signed a lease agreement with a view to moving its headquarters to Issy-les-Moulineaux, in the first half of 2016. The 12-year lease on the property, owned by Hines, includes an option to purchase the asset exercisable on the lease's third anniversary. The contract has been classified as an operating lease in accordance with IAS 17, in particular because it is not reasonably certain that the option will be exercised.

Note 4. Operational Segments

A. Chief operating decision maker

AccorHotels' chief operating decision maker is Executive management, assisted by the Executive Committee. Executive management assesses the results and performance of each operating segment and makes resource allocation decisions.

B. Operating segments

The Group's business model is organized around two strategic businesses:

- Hotel operator and brand franchisor HotelServices, with a business model focused on generating revenue from fees and optimizing the income statement.
- Hotel owner and investor HotelInvest, with a business model aimed at improving the return on assets and optimizing the statement of financial position.

Each strategic business is organized by region, as follows:

- France
- Europe (excluding France/Mediterranean)
- Mediterranean, Middle East and Africa
- Asia-Pacific
- Americas

The Group's internal reporting presentation is based on the Strategic business/Region matrix. The Executive Committee assesses the performance of each Strategic business/Region and makes resource allocation decisions based on their respective results.

HOTELSERVICES

HotelServices corresponds to AccorHotels' business as a hotel operator and franchisor. It comprises all of the Group's hotels, as the hotels owned by HotelInvest are operated by HotelServices under management contracts. Its business model focuses entirely on generating fee revenue, including fees received by hotel-owning subsidiaries that are eliminated in consolidation. HotelServices spans Management and Franchising activities, sales and marketing, distribution and information systems as well as other activities such as a timeshare business in Australia, Strata, a company that operates the common areas of hotels in Oceania, and the AccorHotels loyalty program.

HOTELINVEST

HotelInvest is the Group's hotel owner and investor. It comprises the Group's owned and leased hotels. Its business model aims to improve the return on assets and optimize the impact on the statement of financial position. HotelInvest spans all asset portfolio management activities, hotel design, construction, refurbishment and maintenance activities, the legal and finance functions, as well as various non-strategic businesses such as the casinos, Orféa (business conducted in partnership with SNCF).

HotelInvest hotels are classified into three sub-segments:

- Owned hotels.
- Hotels operated under fixed leases, i.e., for which the rent corresponds to a fixed amount.
- Hotels operated under variable leases, i.e., for which the rent is determined as a percentage of revenue or EBITDA.

HotelServices operates HotelInvest's hotels under management contracts and is paid a fee for this service. The management fees are aligned with market prices in the region or country concerned.
In addition, Service Level Agreements (SLAs) have been signed to allocate the cost of the services supplied to themselves and each other by HotelServices and HotelInvest (corresponding to the costs of the finance, human resources, purchasing, IT and legal functions).

C. Segment information

For each of the segments presented, management monitors the following indicators:

- Revenue
- EBITDAR
- EBITDA
- EBIT

The following selected balance sheet information by operating segment is reported to the chief operating decision maker.

Note that the Group's revenue is derived from a very large number of transactions, of which less than 10% involve a single external customer.

C.1 INFORMATION BY BUSINESS ACTIVITY

At December 31, 2015 In millions of euros	HotelServices	HotelInvest	*of which Owned*	*of which Variable*	*of which Fixed rent*	Corporate & Intercos	Total
Revenue	1,339	4,815	*1,254*	*1,310*	*2,193*	(574)	5,581
EBITDAR	426	1,424	*349*	*434*	*645*	(70)	1,780
EBITDAR Margin	*31.8%*	*29.6%*	*27.8%*	*33.1%*	*29.4%*	*N/A*	*31.9%*
EBITDA	399	654	*334*	*124*	*199*	(66)	986
EBITDA Margin	*29.8%*	*13.6%*	*26.6%*	*9.5%*	*9.1%*	*N/A*	*17.7%*
EBIT	359	378	*190*	*71*	*117*	(71)	665
EBIT Margin	*26.8%*	*7.8%*	*15.2%*	*5.4%*	*5.3%*	*N/A*	*11.9%*

At December 31, 2014 In millions of euros	HotelServices	HotelInvest	*of which Owned*	*of which Variable*	*of which Fixed rent*	Corporate & Intercos	Total
Revenue	1,248	4,794	*1,042*	*1,303*	*2,374*	(588)	5,454
EBITDAR	435	1,401	*270*	*427*	*711*	(64)	1,772
EBITDAR Margin	*34.8%*	*29.2%*	*25.9%*	*32.8%*	*29.9%*	*N/A*	*32.5%*
EBITDA	411	573	*252*	*107*	*221*	(61)	923
EBITDA Margin	*32.9%*	*11.9%*	*24.1%*	*8.2%*	*9.3%*	*N/A*	*16.9%*
EBIT	376	292	*129*	*50*	*128*	(66)	602
EBIT Margin	*30.1%*	*6.1%*	*12.4%*	*3.9%*	*5.4%*	*N/A*	*11.0%*

At December 31, 2015 In millions of euros	HotelServices	HotelInvest	Holding / Eliminations	Total
Goodwill	440	257	-	697
Intangible Assets	178	115	13	307
Property, plant and equipment	71	2,938	15	3,024
Non-current financial assets	102	557	(5)	654
Total non-current assets excl. deferred tax assets	791	3,868	23	4,682
Deferred tax assets	13	27	33	73
Total non-current assets	804	3,895	56	4,756
Cash, short-term debt and receivables on disposals of assets				3,050
Other current assets	1,293	1,371	(1,723)	940
Assets held for sale	1	207	0	208
Total assets				**8,953**

At December 31, 2014 In millions of euros	HotelServices	HotelInvest	Holding / Eliminations	Total
Goodwill	435	266	-	701
Intangible Assets	150	121	12	283
Property, plant & equipment	78	3,062	17	3,157
Non-current financial assets	95	553	(62)	586
Total non-current assets excl. deferred tax assets	*758*	*4,002*	*(33)*	*4,727*
Deferred tax assets	17	26	23	66
Total non-current assets	*775*	*4,028*	*(9)*	*4,794*
Cash, short-term debt and receivables on disposals of assets				2,707
Other current assets	1,191	1,050	(1,335)	906
Assets held for sale	-	347	-	347
Total assets				**8,754**

C.2. INFORMATION BY REGION

Revenue and earnings indicators by region break down as follows:

At December 31, 2015 **In millions of euros**	**France**	**Europe** (excl. France / Mediterranean)	**Mediterranean, Middle East and Africa**	**Asia Pacific**	**Americas**	**Worldwide Structures**	**Total**
Revenue	1,691	2,309	520	615	404	42	5,581
EBITDAR	496	873	154	159	98	0	1,780
EBITDAR Margin	*29.3%*	*37.8%*	*29.7%*	*25.8%*	*24.2%*	*N/A*	*31.9%*
EBITDA	248	512	83	97	48	(2)	986
EBITDA Margin	*14.7%*	*22.2%*	*15.9%*	*15.8%*	*11.8%*	*N/A*	*17.7%*
EBIT	171	369	55	71	29	(31)	665
EBIT Margin	*10.1%*	*16.0%*	*10.6%*	*11.6%*	*7.2%*	*N/A*	*11.9%*

At December 31, 2014 **In millions of euros**	**France**	**Europe** (excl. France / Mediterranean)	**Mediterranean, Middle East and Africa**	**Asia Pacific**	**Americas**	**Worldwide Structures**	**Total**
Revenue	1,737	2,171	483	*571*	*469*	23	5,454
EBITDAR	524	802	*134*	*154*	*141*	17	1,772
EBITDAR Margin	*30.2%*	*36.9%*	*27.7%*	*27.0%*	*30.1%*	*N/A*	*32.5%*
EBITDA	267	418	*58*	*92*	*71*	17	923
EBITDA Margin	*15.4%*	*19.2%*	*12.1%*	*16.2%*	*15.1%*	*N/A*	*16.9%*
EBIT	186	279	*30*	*65*	*51*	(9)	602
EBIT Margin	*10.7%*	*12.9%*	*6.3%*	*11.5%*	*10.8%*	*N/A*	*11.0%*

For information, revenue in Germany amounts to €833 million at December 31, 2015 and to €820 million at December 31, 2014.

At December 31, 2015 **In millions of euros**	**France**	**Europe** (excl. France / Mediterranean)	**Mediterranean, Middle East and Africa**	**Asia Pacific**	**Americas**	**Worldwide Structures**	**Total**
Goodwill	176	193	27	201	100	-	697
Intangible assets	9	126	10	52	23	87	307
Property, plant and equipment	582	1,773	315	122	194	39	3,024
Non-current financial assets	121	61	483	297	76	(384)	654
Total non-currend assets excl. deferred tax assets	*888*	*2,153*	*835*	*672*	*393*	*(258)*	4,682
Deferred tax assets	(21)	22	8	11	16	38	73
Total non-current assets	*866*	*2,175*	*843*	*683*	*409*	*(220)*	4,756
Total current assets	1,424	1,016	274	470	136	670	3,990
Assets held for sale	50	36	53	57	11	0	208
Other assets	1,474	1,052	327	*528*	147	670	4,197
Total Assets	**2,340**	**3,227**	**1,170**	**1,211**	**556**	**449**	**8,953**

At December 31, 2014 **In millions of euros**	**France**	**Europe** (excl. France / Mediterranean)	**Mediterranean, Middle East and Africa**	**Asia Pacific**	**Americas**	**Worldwide Structures**	**Total**
Goodwill	175	199	28	199	100	-	701
Intangible assets	13	113	12	51	29	65	283
Property, plant and equipment	621	1,764	299	142	285	46	3,157
Non-current financial assets	100	52	619	241	98	(524)	586
Total non-current assets excl. deferred tax assets	*909*	*2,128*	*958*	*633*	*512*	*(413)*	*4,727*
Deferred tax assets	(21)	29	4	10	14	30	66
Total non-current assets excl. deferred tax assets	*888*	*2,157*	*962*	*643*	*526*	*(383)*	*4,794*
Total current assets	1,600	787	196	452	165	414	3,614
Assets held for sale	1	266	13	57	10	-	347
Other assets	*1,601*	*1,053*	*209*	*509*	*175*	*414*	3,961
Total Assets	**2,489**	**3,209**	**1,171**	**1,153**	**700**	**31**	**8,754**

For information, total non-current assets (excluding deferred tax assets) in Germany amounts to €666 million at December 31, 2015 and to €671 million at December 31, 2014.

C.3. Consolidated revenue by strategic business and by region

In millions of euros	France	Europe (excl. France / Mediterranean)	Mediterranean, Middle East and Africa	Asia Pacific	Americas	Worldwide Structures (1)	2015	2014	Like-for-like change (%)
HOTELSERVICES	348	338	137	366	101	49	1,339	1,248	6.2%
HOTELINVEST	1,545	2,227	432	274	337	-	4,815	4,794	1.9%
CORPORATE & INTERCOS	(202)	(256)	(49)	(25)	(34)	(7)	(574)	(588)	(1.6)%
Total 2015	1,691	2,309	520	615	404	42	5,581		
Total 2014	1,737	2,171	483	571	469	23		5,454	
Like-for-like change (%)	(0.5)%	5.0%	7.9%	5.4%	(3.7)%	30.5%			2.9%

(1) « Worldwide Structures » corresponds to revenue (royalties) that are not specific to a single geographic region.

The period-on-period variation breaks down as follows:

• Like-for-like growth	+159	m€	+2.9%
• Business expansion (owned and leased hotels only)	+67	m€	+1.2%
• Currency effects	+67	m€	+1.2%
• Disposals	(166)	m€	(3.0)%
Variation in 2015 Consolidated Revenue	**+127**	**m€**	**+2.3%**

At December 31, 2015, HotelServices revenue breaks down as follows:

In millions of euros	Management fees	Franchise fees	HotelInvest fees	Other Revenues	Total
2015	**417**	**207**	**538**	**177**	**1,339**
2014	**356**	**164**	**552**	**176**	**1,248**

Total fees for Managed and franchised hotels only, excluding currency and acquisitions, increased by 14.4%.

C.4. EBITDAR BY STRATEGIC BUSINESS AND REGION

In millions of euros	France	Europe (excl. France / Mediterranean)	Mediterranean, Middle East and Africa	Asia Pacific	Americas	Worldwide Structures (1)	2015	2014	Like-for-like change (%)
HOTELSERVICES	**118**	**127**	**43**	**83**	**26**	**29**	**426**	**435**	**0.1%**
HOTELINVEST	**378**	**747**	**111**	**76**	**72**	**41**	**1,424**	**1,401**	**1.0%**
CORPORATE & INTERCOS	**-**	**-**	**-**	**-**	**-**	**(70)**	**(70)**	**(64)**	**(15.3)%**
Total 2015	**496**	**873**	**154**	**159**	**98**	**0**	**1,780**		
Total 2014	**524**	**802**	**134**	**154**	**141**	**17**		**1,772**	
Like-for-like change (%)	**(4.9)%**	**6.4%**	**13.0%**	**2.0%**	**(20.5)%**	**N/A**			**0.2%**

(1) « Worldwide Structures » corresponds to revenue (royalties) and costs that are not specific to a single geographic region.

The period-on-period EBITDAR variation breaks down as follows:

• Like-for-like growth	+4	m€	+0.2%
• Business expansion (owned and leased hotels only)	+7	m€	+0.4%
• Currency effects	+30	m€	+1.7%
• Disposals	(33)	m€	(1.9)%
Variation in 2015 EBITDAR	**+8**	**m€**	**+0.5%**

C.5. EBITDA BY STRATEGIC BUSINESS AND REGION

In millions of euros	France	Europe (excl. France / Mediterranean)	Mediterranean, Middle East and Africa	Asia Pacific	Americas	Worldwide Structures (1)	2015	2014	Like-for-like change (%)
HOTELSERVICES	**114**	**122**	**42**	**75**	**25**	**22**	**399**	**411**	**(0.5)%**
HOTELINVEST	**134**	**391**	**41**	**22**	**23**	**43**	**654**	**573**	**3.5%**
CORPORATE & INTERCOS	**-**	**-**	**-**	**-**	**-**	**(66)**	**(66)**	**(61)**	**(15.5)%**
Total 2015	**248**	**512**	**83**	**97**	**48**	**(2)**	**986**		
Total 2014	**267**	**418**	**58**	**92**	**71**	**17**		**923**	
Like-for-like change (%)	**(7.8)%**	**10.6%**	**29.6%**	**1.9%**	**(28.9)%**	**N/A**			**0.9%**

(1) « Worldwide Structures » corresponds to revenue (royalties) and costs that are not specific to a single geographic region.

The period-on-period EBITDA variation breaks down as follows:

• Like-for-like growth	+9	m€	+0.9%
• Business expansion (owned and leased hotels only)	+38	m€	+4.1%
• Currency effects	+24	m€	+2.6%
• Disposals	(8)	m€	(0.8)%
Variation in 2015 EBITDA	**+63**	**m€**	**+6.8%**

C.6. EBIT BY STRATEGIC BUSINESS AND REGION

In millions of euros	France	Europe (excl. France / Mediterranean)	Mediterranean, Middle East and Africa	Asia Pacific	Americas	Worldwide Structures (1)	2015	2014	Like-for-like change (%)
HOTELSERVICES	**114**	**120**	**40**	**64**	**23**	**(1)**	**359**	**376**	**(1.5)%**
HOTELINVEST	**58**	**250**	**15**	**8**	**6**	**42**	**378**	**292**	**12.5%**
CORPORATE & INTERCOS	**-**	**-**	**-**	**-**	**-**	**(71)**	**(71)**	**(66)**	**(14.2)%**
Total 2015	**171**	**369**	**55**	**71**	**29**	**(31)**	**665**		
Total 2014	**186**	**279**	**30**	**65**	**51**	**(9)**		**602**	
Like-for-like change (%)	**(10.1)%**	**20.3%**	**56.6%**	**6.0%**	**(40.2)%**	**N/A**			**3.5%**

(1) « Worldwide Structures » corresponds to revenue (royalties) and costs that are not specific to a single geographic region.

The period-on-period EBIT variation breaks down as follows:

• Like-for-like growth	+21	m€	+3.5%
• Business expansion (owned and leased hotels only)	+15	m€	+2.6%
• Currency effects	+20	m€	+3.3%
• Disposals	+7	m€	+1.2%
Variation in 2015 EBIT	**+64**	**m€**	**+10.6%**

Note 5. Operating Expense

In millions of euros		2014	2015
Cost of goods sold	(1)	(347)	(322)
Employee benefits expense	(2)	(1,940)	(1,989)
Energy, maintenance and repairs		(279)	(276)
Taxes, insurance and service charges (co-owned properties)		(194)	(199)
Other operating expense	(3)	(922)	(1,014)
Operating Expense		**(3,682)**	**(3,801)**

(1) The cost of goods sold includes food and beverage purchases, laundry costs and the cost of telephones calls billed to clients.

(2) The Ratio employee benefits expense / Full-time equivalent (FTE) is presented as follows:

Full-time equivalent	2014	2015
Full-time equivalent (*)	48,270	49,953
Ratio employee benefits expense / FTE (€k)	(40)	(40)

(*)Full-time equivalent employees are based on the ratio between the number of hours worked during the period and the total working legal hours for the period. There is no employee number for associates.

At December 31, 2015, employee benefits expense includes €13.4 million (€9.7 million in 2014) related to stock option plans and performance share plans (see Note 20).

(3) Other operating expense consists mainly of marketing, advertising, promotional, selling and information systems costs. The total also includes various fee payments.

Note 6. Rental Expense

Rental expense amounted to €794 million at December 31, 2015 compared €849 million at December 31, 2014.

In accordance with the policy described in Note 2.E.4, the expense reported on this line only concerns operating leases. Finance leases are recognized in the statement of financial position as an asset and a liability (see Note 23.1).

Rental expense is recognized on a straight-line basis over the lease term, even if payments are not made on that basis. Most leases have been signed for periods exceeding the traditional nine-year term of commercial leases in France, primarily to protect AccorHotels against the absence of commercial property rights in certain countries.

None of the leases contains any clauses requiring advance payment of rentals in the case of a ratings downgrade or other adverse events affecting AccorHotels, and there are no cross-default clauses or covenants.

The 794 million in rental expense corresponds to 943 leased hotels (excluding hotels accounted for by the equity method for which rental expense is included in the Group's share of their profit), including less than 2% with a purchase option. Where applicable, the option price corresponds to either a pre-agreed percentage of the owner's original investment or the property's market value when the option is exercised. The options are generally exercisable after 10 or 12 years. Certain contracts allow for the purchase of the property at the appraised value at the end of the lease.

A. Key Management Ratios

Rental expense can be analyzed as follows by Strategic Business:

In millions of euros	2014	2015
HOTELSERVICES	**(24)**	**(28)**
HOTELINVEST	**(828)**	**(770)**
CORPORATE & INTERCOS	**3**	**4**
Total	**(849)**	**(794)**

B. Rental expense by type of contract

Rental expense breaks down as follows by type of contract:

In millions of euros		Number of hotels	2015 rental	Fixed rental expense	Variable rental expense
Fixed rent with purchase option		9	(13)	(13)	-
Fixed rent without purchase option		229	(200)	(200)	-
Fixed rent with a variable portion	(1)	58	(70)	(59)	(11)
Land rent			(10)	(7)	(3)
Office rental expenses (Hotels business)			(49)	(45)	(4)
Fees on intragroup rent guarantees on Hotels business			(15)	(9)	(6)
Total hotel fixed rental expense		**296**	**(356)**	**(332)**	**(24)**
Variable rent with a minimum	(2)	88	(86)	(68)	(18)
Variable rent with a minimum and cap	(3)	21	(35)	(20)	(15)
Variable rent without a minimum	(4)	538	(320)	-	(320)
Total hotel variable rental expense		**647**	**(441)**	**(88)**	**(353)**
Total hotel rental expense		**943**	**(797)**	**(420)**	**(377)**
Rental expense not related to hotels			(11)	(11)	(0)
Internal lease guarantee fees			15	9	6
Total rental expense		**943**	**(794)**	**(422)**	**(371)**

(1) Fixed rent expense with a variable portion includes a fixed portion and a variable portion. The variable portion is generally a percentage of revenue or a percentage of EBITDAR.

(2) This rent expense depends on a percentage of revenue or a percentage of EBITDAR with a fixed contract guaranteed minimum.

(3) This rent expense depends on a percentage of revenue with a fixed contract guaranteed minimum which is also caped.

(4) Variable rents without a minimum are generally based on a percentage of revenue (506 hotels) or a percentage of EBITDAR (32 hotels). None of the leases contains any minimum rent clause. Variable rents based on a percentage of EBITDAR amounted to €(18) million at December 31, 2015.

C. Minimum rental commitments (cash basis)

Minimum future rentals in the following tables only correspond to long-term rental commitments in the Hotels Division for hotels opened or closed for repairs.

Undiscounted minimum lease payments in foreign currencies converted at the average exchange rate based on latest known rates, are as follows:

Years	In millions of euros
2016	(369)
2017	(342)
2018	(323)
2019	(312)
2020	(283)
2021	(239)
2022	(220)
2023	(202)
2024	(187)

Years	In millions of euros
2025	(163)
2026	(144)
2027	(114)
2028	(94)
2029	(77)
2030	(57)
2031	(47)
> 2031	(350)
Total	**(3,525)**

At December 31, 2015, the present value of future minimum lease payments is considered as representing 7% of the minimum lease payments, used to calculate the “Adjusted funds from ordinary activities/adjusted net debt” ratio, with future payments estimated on a straight-line basis as from the sixth year. At December 31, 2015, the present value of future minimum lease payments calculated as described above amounted to €2,358 million.

Note 7. Depreciation, Amortization and Provision Expense

Depreciation, amortization and provision expense can be analyzed as follows:

In millions of euros	2014	2015
Depreciation and amortization	(318)	(329)
Provision	(3)	8
Total	**(321)**	**(321)**

Note 8. Net Financial Expense

In millions of euros		2014	2015
Finance costs	(1)	(58)	(71)
Other financial income and expenses	(2)	6	0
Net financial expense		**(52)**	**(71)**

Finance costs net include interest received on paid loans, receivables and debts measured at amortized cost.
The other financial income and expenses include mainly dividend income from non-consolidated companies, exchange gains and losses and movements in provisions.

(1) Finance costs can be analyzed as follows between cash and non-cash items:

In millions of euros	2014	2015
Finance costs, net - cash	(59)	(71)
Finance costs, net - non-cash	1	0
Total Finance costs	**(58)**	**(71)**

The decrease in interest paid during the year mainly reflected:

- Interest savings arising from the early repayment of the 2012 and 2013 bond issues, for €5 million.
- Interest expense on the €750 million and €150 million bond issues carried out in 2014 and the 2015 bond issue, for €9 million, and
- Fair value adjustments (see Note 23.8) and costs concerning an interest rate hedge on a potential finance lease, for €7 million.

(1) Other financial income and expenses include the following items:

In millions of euros	2014	2015
Dividend income from non-consolidated companies (Available-for-sale financial assets)	3	4
Exchange gains and losses (excl. financial instruments at fair value)	5	(0)
Movements in provisions	(2)	(3)
Total Other financial income and expenses	**6**	**0**

Note 9. Restructuring Costs

Restructuring costs correspond mainly to the costs linked to the reorganisation of the Group. They can be analysed as follows:

In millions of euros	2014	2015
Movements in restructuring provisions	63	6
Restructuring costs	(74)	(29)
Total restructuring costs	**(11)**	**(23)**

In 2014, voluntary redundancy plans represented an actual expense of €63 million, which was fully covered by the provisions set aside in 2013.

Note 10. Impairment Losses

Impairment losses and reversals of impairment losses recognised in 2014 and 2015 can be analysed as follows:

In millions of euros	2014	2015
Goodwill	(3)	(3)
Intangible assets	(0)	(0)
Property, Plant and Equipment	(52)	(64)
Impairment Losses	**(55)**	**(67)**

Goodwill included in the carrying amount of CGUs tested for impairment is presented in Note 13.

A. HotelInvest

HotelInvest recoverable amounts are first estimated using fair values calculated based on a standard EBITDA multiple, which represents the core operational assumption used for the valuation. The coefficients are presented within the accounting standards.

GOODWILL:

At December 31, 2015, impairment losses were recognized following a review of the recoverable amounts of hotels in France for €1 million, in Czech Republic for €1 million and in South America for €1 million. Goodwill allocated to the hotels concerned has been written down in full.
At December 31, 2014, impairment losses were recognized following a review of the recoverable amounts of hotels in France for €1 million and in Germany for €2 million. Goodwill allocated to the hotels concerned has been written down in full.

The probability of the EBITDA of all the hotels in a given CGU being affected to the same extent and at the same time by changing macro-economic conditions is extremely remote, with the result that an overall sensitivity analysis would not provide useful insight. This is because the hotels' performance depends above all on their geographic location and specific business environment. However, if the carrying amount of certain hotels was found to be sensitive to changes in macro-economic factors, a sensitivity analysis would be provided for the hotels concerned.

TANGIBLE ASSETS :

In millions of euros	France	Europe (excl. France/ Méditerranean)	Mediterranean, Middle East and Africa	Asia Pacific	Americas	Worldwide Structures	Total
2015	**(20)**	**(9)**	**(19)**	**(11)**	**(6)**	**-**	**(64)**
2014	**(8)**	**(22)**	**(11)**	**(11)**	**(0)**	**-**	**(52)**

At December 31, 2015, impairment losses on property, plant and equipment concerned 180 hotels for €64 million. No impairment losses were reversed. Impairment losses for the year included the €17-million immediate write-down of the portfolio of four Novotel units in Spain acquired in 2015 (see Note 3.2.B).
Impairment losses were recognized on the Koeln City Friesenstrasse in Germany and the Wuhan Hankou in China based on the prices offered by potential buyers for a total of €1 million. (level 2 valuation technique under IFRS 13 : see Note 2.R).

At December 31, 2014, impairment losses on property, plant and equipment concerned 102 hotels for €50 million. No impairment losses were reversed.
Impairment losses of €5 million were recognized on ibis Shanghai Waigaoqio, ibis Weifang Qingnian, ibis Beijing Capital Airport and ibis Yangzhou based on the prices offered by potential buyers (level 2 valuation technique under IFRS 13 : see Note 2.R).

B. HotelServices

HotelServices recoverable amounts are first estimated using the value in use determined on the basis of discounted cash flows, which correspond to the core operating assumption used for business plan purposes.

The core assumptions used to determine the recoverable amount of an asset are consistent with those used to prepare the Group's business plans and budgets. They reflect past experience and also take into account information from external sources such as hotel industry growth forecasts and forecasts concerning geopolitical and macro-economic developments in the regions concerned.

The main other assumptions used to estimate recoverable amounts were as follows:

December 2015	Germany	France	Asia	Australia	Americas
Growth rate	2.00%	2.00%	2.00%	2.00%	4.24%
Discount rate	8.02%	8.02%	8.79%	7.33%	11.94%

December 2014	Germany	France	Asia	Australia	Americas
Growth rate	2.00%	2.00%	2.00%	2.60%	4.24%
Discount rate	8.57%	8.57%	9.52%	8.05%	12.73%

In 2014 and in 2015, analyses showed that, in the case of CGUs for which no impairment was recorded during the period, only a substantial, improbable change in the discount rate in the next twelve months would have caused their recoverable amount to fall to below their carrying amount.

Sensitivity tests performed on the main CGUs at December 31, 2015 showed that:

- In Germany, the CGU's carrying amount would exceed its recoverable amount if the discount rate increased by 1,279 basis points or the growth rate to perpetuity was reduced by 1,711 basis points.
- In Asia, the CGU's carrying amount would exceed its recoverable amount if the discount rate increased by 4,735 basis points. As the enterprise value would be recovered in five years based on projected discounted cash flows, its carrying amount would represent less than its recoverable amount whatever the growth rate to perpetuity used for the calculation.
- In Australia, the CGU's carrying amount would exceed its recoverable amount if the discount rate increased by 1,425 basis points or the growth rate to perpetuity was reduced by 4,630 basis points.
- In America, the CGU's carrying amount would exceed its recoverable amount if the discount rate increased by 16,940 basis points. As the enterprise value would be recovered in five years based on projected discounted cash flows, its carrying amount would represent less than its recoverable amount whatever the growth rate to perpetuity used for the calculation.
- In France, only a highly improbable 465,576 basis points increase in the discount rate would result in the carrying amount becoming greater than the recoverable amount. As the enterprise value would be recovered by five years' worth of discounted cash flows, the carrying amount would remain below the recoverable amount whatever the growth rate to perpetuity.

Sensitivity tests on these recoverable amounts show that a 10% decline in projected discounted operating cash flows would not result in the recognition of any impairment loss.

No impairment loss was recorded for HotelServices.

Note 11. Gains and Losses on Management of Hotel Properties and Other assets

In millions of euros	2014	2015
Disposal gains and losses	(14)	(12)
Provision for losses on hotel properties	3	(19)
Total Gains and Losses on Management of Hotel properties	**(11)**	**(31)**
Disposal gains and losses	(26)	(9)
Provision movements	36	(14)
Gains and losses on non-recurring transactions	(92)	(52)
Total Gains and Losses on Management of Other Assets	**(82)**	**(75)**

At December 31, 2015, gains and losses on management of hotel properties included:

- A €9 million loss on the sale of a portfolio of 29 hotels in Germany and the Netherlands.
- Non-recurring costs of €14 million incurred for the renegotiation of or conversion to management contracts in Austria and Germany.

Gains and losses on management of other assets included:

- Costs recognized in connection with the planned transfers of corporate headquarters and the acquisition of the Fairmont, Raffles and Swissôtel Group, for €37 million.
- Various provisions for claims and litigation, for €25 million.

At December 31, 2014, gains and losses on the management of hotel properties included a €13 million provision to cover estimated losses on the sale of eight hotels in the Tritax portfolio.
At December 31, 2014, the total mainly included €(41) million in costs mostly related to a non-recurring transaction indemnity and miscellaneous fees for €(11) million.

Note 12. Income Tax Expense

Note 12.1. Income tax expense for the period

In millions of euros	2014	2015
Current tax	(163)	(150)
Sub-total, current tax	**(163)**	**(150)**
Deferred taxes (expense) income on new temporary differences and reversals of temporary differences arising in prior periods	(13)	17
Deferred taxes arising from changes in tax rates or tax laws	1	(2)
Sub-total, deferred tax	**(12)**	**15**
Tax	**(175)**	**(136)**

Note 12.2. Effective tax rate

In millions of euros		2014	2015
Operating profit before tax	**(a)**	**419**	**408**
Non deductible impairment losses		34	13
Tax on share of profit (loss) of associates		5	5
Other		13	11
Total permanent differences (non-deductible expenses)	**(b)**	**52**	**29**
Untaxed profit and profit taxed at a reduced rate	**(c)**	**1**	**64**
Profit taxed at standard rate	**(d) = (a) + (b) + (c)**	**472**	**501**
Standard tax rate in France (*)	**(e)**	**38.00%**	**38.00%**
Tax at standard French tax rate	**(f) = (d) x (e)**	**(180)**	**(191)**
Effects on tax at standard French tax rate of:			
. Differences in foreign tax rates		44	70
. Unrecognized tax losses for the period		(13)	(17)
. Utilization of tax loss carryforwards		21	17
. Share of profit (loss) of associates		5	5
. Net charges to/reversals of provisions for tax risks		(12)	21
. Effect of CET business tax in France (see Note 2.L)		(20)	(20)
. Other items		(20)	(21)
Total effects on tax at standard French tax rate	**(g)**	**5**	**55**
Income tax expense	**(h) = (f) + (g)**	**(175)**	**(136)**

(*) At December 31, 2014, and at December 31, 2015, the standard tax rate in France includes the 3.3% "*contribution sociale de solidarité*" tax and the 10.7% "*contribution additionnelle*" surtax, both calculated on the 33.3% corporate income tax.

At December 31, 2015, the effective tax rate (current tax expense/operating profit before tax, share of profit of associates after tax and non-recurring items) amounts to 29.5%. The current tax expense excludes all tax impacts of non recurring items.

Note 12.3. Details of deferred tax (Statement of financial position)

In millions of euros	Dec. 2014	Dec. 2015
Timing differences between company profit and taxable profit	52	79
Timing differences between consolidated profit and company profit	(62)	(60)
Recognized tax losees	35	25
Total, deferred tax assets, net (liabilities)	**25**	**44**
Deferred tax assets	**66**	**73**
Deferred tax liabilities	**41**	**29**

Note 12.4. Unrecognized deferred tax assets

Unrecognized deferred tax assets amounted to €812 million at December 31, 2015 (€757 million at December 31, 2014).

Unrecognized deferred tax assets will expire in the following periods if not utilized:

In millions of euros	Deductible temporary differences	Tax loss carryforwards	Tax credits	Total
Y+1	0	17	-	**17**
Y+2	0	3	-	**3**
Y+3	0	6	-	**6**
Y+4	0	26	-	**26**
Y+5 and beyond	2	542	4	**548**
Evergreen	38	173	0	**211**
Deferred tax, net	**41**	**767**	**4**	**812**

In accordance with IAS 12, deferred tax assets are recognized for ordinary and evergreen tax loss carry forwards only to the extent that it is probable that future taxable profits will be available against which the assets can be utilized. The Group generally estimates those future profits over a five-year period, and each year reviews the projections and assumptions on which its estimates are based, in accordance with the applicable tax rules.

Note 13. Goodwill

In millions of euros	Dec. 2014	Dec. 2015
Goodwill (gross value)	795	792
Less impairment losses	(94)	(94)
Goodwill, net	**701**	**697**

In millions of euros	Dec. 2014	Dec. 2015
Australia	128	127
France	111	113
Germany	84	84
America	60	60
Asia	43	48
Others	9	8
HOTELSERVICES	**435**	**440**
Germany	79	74
France	63	62
America	40	40
Australia	23	23
Egypt	20	19
Switzerland	11	11
Netherlands	6	6
Ivory Coast	7	6
Others	17	15
HOTELINVEST	**266**	**257**
Goodwill, net	**701**	**697**

Changes in the carrying amount of goodwill over the period were as follows:

In millions of euros

Net carrying amount at 1st January		**701**
Goodwill recognized on acquisitions for the period and other increases	(a)	7
Disposals	(b)	(7)
Impairment losses	Note 10	(3)
Translation adjustment		4
Reclassifications to Property, Plant and Equipment		-
Reclassifications to Assets held for sale	Note 25	(3)
Other reclassifications and movements		(1)
Net carrying amount at end of period		**697**

(a) In 2015, AccorHotels bought Fastbooking, generating goodwill (after purchase price allocations) of €4.9 million.

(b) This change mainly corresponds to the sale of a portfolio of 29 hotels in Germany and the Netherlands (see Note 3).

Note 14. Intangible Assets

In millions of euros		Dec. 2014	Dec. 2015
Gross value			
Brands and rights	(1)	64	57
Licenses, software		191	220
Other intangible assets	(2)	283	307
Total intangible assets at cost		**538**	**584**
Accumulated amortization and impairment losses			
Brands and rights	(1)	(36)	(37)
Licenses, software		(147)	(165)
Other intangible assets	(2)	(72)	(76)
Total accumulated amortization and impairment losses		**(255)**	**(278)**
Intangible assets, net		**283**	**307**

(1) The carrying amount of other brands and rights was €21 million at December 31, 2015 including, for HotelInvest:
  a) €8 million related to 2 ibis in France,
  b) €5 million related to Pullman in Brazil (concession fees), and
For HotelServices, €5 million for the Sebel brand in Australia.

(2) At December 31, 2015, the net book value of other intangible assets amounted to €231 million, including:
  a) €91 million in lease premiums, of which €79 million corresponding to the value attributed to Orbis's land use rights in Poland;
  b) €33 million corresponding to the value attributed to management contracts for HotelServices of which:
    i. €19 million for Mirvac's Australian management contracts.
    ii. €14 million for management contracts in Brazil, Argentina and Chile ;
  c) €65 million in key money for HotelInvest of which:
    i. €27 million for management contracts and franchise contracts in the United Kingdom;
    ii. €10 million for management contracts in Australia.

Changes in the carrying amount of intangible assets over the period were as follows:

In millions of euros		Dec. 2014	Dec. 2015
Carrying amount at beginning of period		**281**	**283**
Acquisitions	**(1)**	**13**	**31**
Internally-generated assets	**(2)**	**27**	**45**
Intangible assets acquired	**(3)**	**14**	**1**
Amortization for the period		**(33)**	**(37)**
Impairment losses for the period		**-**	**(0)**
Disposals of the period		**(5)**	**(15)**
Translation adjustment		**3**	**(3)**
Reclassifications of Assets held for sale (See Note 25)		**(16)**	**(0)**
Other reclassifications		**(1)**	**2**
Carrying amount at end of period		**283**	**307**

(1) In 2015, intangible assets acquired consisted of hotel key money of €19 million recognized during the year (mainly in the United Kingdom, with an amortization period of 15 years).

(2) In 2015, mainly acquisitions of licenses and software for the Digital Plan.

(3) In 2014, intangible assets acquired consisted of hotel key money of €12 million recognized during the year (for a portfolio of three hotels subject to finance leases in France).

The following intangible assets are considered as having an indefinite useful life:

In millions of euros	Dec. 2014	Dec. 2015
Sebel brand (Australia)	5	5
Other brands and rights with indefinite useful life	1	2
Carrying amount at end of period	**6**	**6**

Note 15. Property, plant and Equipment

Note 15.1. Property, plant and equipment by nature

In millions of euros	Dec. 2014	Dec. 2015
Land	286	284
Buildings	2,296	2,298
Fixtures	1,604	1,566
Equipment and furniture	1,393	1,323
Constructions in progress	274	261
Property, plant and equipment, at cost	**5,853**	**5,731**

In millions of euros	Dec. 2014	Dec. 2015
Buildings	(576)	(690)
Fixtures	(895)	(868)
Equipment and furniture	(992)	(951)
Constructions in progress	(4)	(3)
Total of depreciation	**(2,467)**	**(2,512)**
Land	(11)	(8)
Buildings	(117)	(100)
Fixtures	(59)	(53)
Equipment and furniture	(32)	(23)
Constructions in progress	(10)	(11)
Total of impairment losses	**(229)**	**(195)**
Accumulated depreciation and impairment losses	**(2,696)**	**(2,707)**

In millions of euros	Dec. 2014	Dec. 2015
Land	275	276
Buildings	1,603	1,508
Fixtures	650	645
Equipment and furniture	369	349
Constructions in progress	260	247
Property, plant and equipment, net	**3,157**	**3,024**

Changes in the carrying amount of property, plant and equipment during the period were as follows:

In millions of euros		Dec. 2014	Dec. 2015
Net carrying amount at beginning of period		**2,396**	**3,157**
Property, plant and equipment acquired	**(1)**	**1,000**	**106**
Capital expenditure	**(2)**	**406**	**341**
Depreciation for the period		**(284)**	**(295)**
Impairment losses for the period recognized in impairment losses or in net loss from discontinued operations (see Note 10.A)		**(52)**	**(64)**
Translation adjustment		**15**	**(3)**
Disposals for the period		**(87)**	**(71)**
Reclassification of assets held for sale (see Note 25)		**(294)**	**(145)**
Other reclassifications	**(3)**	**57**	**(2)**
Net carrying amount at end of period		**3,157**	**3,024**

(1) At December 31, 2015, property, plant and equipment acquired correspond mainly to four Novotel units in Spain acquired from Deutsche AWM (€77 million) and the Biarritz Sofitel (€27 million). See Note 3.

At December 31, 2014, property, plant and equipment acquired corresponded mainly to Moor Park portfolio for €704 million, Axa Real Estate portfolio for €180 million and Tritax portfolio for €89 million.

(2) At December 31, 2015, capital expenditure included refurbishment work for €224 million, for the most part in France, Germany and the United Kingdom, as well as new buildings for €117 million for the most part in the United Kingdom and France.

Capital expenditure in December 31, 2014 included refurbishment work for €233 million, for the most part in France, Germany and the United Kingdom, as well as new buildings for €173 million for the most part in Germany and in the United Kingdom.

(3) At December 31, 2014, other reclassifications mainly concerned the reclassification of the deposit paid in 2011 for the exercise of AccorHotels' pre-emptive right to acquire the building housing the Sofitel Rio de Janeiro Copacabana. The deposit was reclassified to property and equipment following a May 2014 court ruling that AccorHotels was the rightful owner of the property.

At December 31, 2015, contracts totaling €144 million have been signed for the purchase of property, plant and equipment. They are not recognized in the statement of financial position. At December 31, 2014, contracts totalized €54 million (see Note 31).

Note 15.2. Finance leases

In millions of euros	Dec. 2014	Dec. 2015
Land	9	11
Buildings	62	48
Fixtures	35	36
Equipment and furniture	4	3
Property, plant and equipment, at cost	**110**	**97**
Buildings	(28)	(10)
Fixtures	(17)	(14)
Equipment and furniture	(4)	(3)
Cumulated depreciation and impairment losses	**(49)**	**(27)**
Property, plant and equipment, net	**61**	**70**

In 2015, AccorHotels acquired Biarritz Miramar Sofitel under finance leases for €27 million.

Finance lease liabilities can be analysed as follows by maturity:

	Debt in millions of euros Non Discounted
2015	72
2016	53
2017	53
2018	52
2019	45
2020	44
2021	43
2022	41
2023	40
2024	39
2025	38
2026	36
2027	36
2028	35
2029	25
2030	25

Note 16. Long-Term Loans

In millions of euros	Dec. 2014	Dec. 2015
Gross value	140	125
Accumulated impairment losses	(7)	(7)
Long-term loans, net	**133**	**118**

In millions of euros		Dec. 2014	Dec. 2015
Hotels, Asia-Pacific	(1)	52	52
Other	(2)	81	66
Total		**133**	**118**

(1) At December 31, 2015, loans to hotels in the Asia-Pacific region mainly consist of:

- For HotelServices, a loan to A.P.V.C. Finance Pty Limited (a timeshare financing company) for an amount of €18 million at December 31, 2015 (€21 million at December 31, 2014), paying interest at an average rate of 14.75% and a €9 million loan made to Darling Harbour Hotel Trust, the future owner of the Sydney Darling Harbour Sofitel.
- For HotelInvest, a loan to Shree Naman Hotels Private to finance the development of the Mumbai Sofitel in India. The total loan amounts to €19 million at December 31, 2015 (at December 31, 2014: €18 million).

(2) At December 31, 2015, loans to hotels excluding the Asia-Pacific region manly consist of the guaranteed minimum rent of €18 million under the management contract for the Paris Tour Eiffel Pullman under a management contract (€17 million at December 31, 2014), an €11 million loan to the owner company (SHTE) to finance the development of the hotel (€12 million at December 31, 2014), and a loan to the owner of the Barcelona Skipper Pullman to finance 10% of its acquisition for an amount of €5 million at an average interest rate of 3.7% (€5 million at December 31, 2014).

Note 17. Associates

Note 17.1. Share of profit (loss) and investments in associates

In millions of euros	2014	2015
Share of profit of associates before tax	33	15
Share of tax of associates	(5)	(5)
Share of profit of associates after tax	**28**	**10**

The main contributions are as follows:

In millions of euros		2014		2015	
		Share of profit	Investment	Share of profit	Investments
Asia Pacific Hotels (1) (2) (3) (4)	(*)	(0)	143	(2)	158
Mama Shelter (5)		(0)	29	(1)	28
TGRE (Sofitel The Grand, Netherlands)		(0)	14	(1)	12
Sofitel Hotels US (25%)	(**)	15	3	0	4
SERHR (Orféa)		4	5	4	5
Société Hôtelière Paris Les Halles		1	12	2	13
Other (including Risma)	(***)	2	73	(1)	77
Associates		**22**	279	2	297
SIEHA (hospitality Algeria) (6)		2	21	2	22
Reef Casinos (7)		3	18	4	19
Adagio		2	4	2	7
Other		(1)	2	(0)	2
Joint ventures		**6**	45	**9**	**49**
Associates		**28**	**324**	**10**	**346**

(*) The Asia-Pacific investments primarily include Interglobe Hotels Entreprises Limited (the development company for ibis hotel in India) for €55 million, Caddie Hotels (the development company for a Novotel and a Pullman in New Delhi) for €33 million, a joint-venture for development partnerships under ibis and Novotel brands in India (Triguna) for €18 million and Ambassador Inc., Ambasstel and Ambatel Inc (South Korea) for €30 million.
(**) In 2014, profits from the Sofitel US Hotels segment were boosted by the €17 million special dividend received in connection with the sale of the New York Sofitel.
(***) Including a €4 million expense arising from the correction of errors following discovery of a fraud at Risma in 2015.

Note 17.2. Information about material associates

The following associates have a material impact on the consolidated financial statements:

(1) Interglobe Hotels, which owns and operates ibis hotels in India that are run by AccorHotels under management contracts. Key figures for Interglobe Hotels as follows:

Interglobe Hotels (Hotels ibis India) Development ibis India (In millions of euros)	March 2014	March 2015
Revenue	13	22
Net profit (loss)	(3)	(6)
Total current Assets	6	14
Total non-current Assets	157	209
Equity (including currency translation reserve)	100	142
Total current Liabilities	10	13
Total non-current Liabilities	53	67
Net cash/(Net debt)	(47)	(34)
Market capitalization	N/A	N/A
Dividends paid by the compagny to AccorHotels during the period	-	-
% interest held	40.00%	40.00%

As Interglobe Hotels has a March 31 year-end, the key figures shown above are extracted from Interglobe's latest audited and published financial statements.

(2) Ambassador, which owns and operates Novotel Seoul Ambassador Gangnam that is run by AccorHotels under management contract. Key figures for Ambassador Inc are as follows:

Hotels Korea Ambassador (Novotel Seoul Ambassador Gangnam) (In millions of euros)	Dec. 2014	Dec. 2015
Revenue	24	24
Net profit (loss)	2	(0)
Total current Assets	5	4
Total non-current Assets	73	76
Equity (including currency translation reserve)	57	58
Total current Liabilities	11	9
Total non-current Liabilities	9	13
Net cash/(Net debt)	(10)	(11)
Market capitalization	N/A	N/A
Dividends paid by the compagny to AccorHotels during the period	-	-
% interest held	30.19%	30.19%

(3) Ambasstel which owns and operates ibis Seoul Myeong Dong, ibis Seoul and ibis Seoul Ambassador Insadong that are run by AccorHotels under management contract. Key figures Ambasstel are as follows:

Hotels Korea **Ambasstel (ibis in Seoul)** **(In millions of euros)**	**Dec. 2014**	**Dec. 2015**
Revenue	29	25
Net profit (loss)	4	2
Total current Assets	17	8
Total non-current Assets	27	41
Equity (including currency translation reserve)	39	41
Total current Liabilities	4	4
Total non-current Liabilities	1	4
Net cash/(Net debt)	15	0
Market capitalization	N/A	N/A
Dividends paid by the compagny to AccorHotels during the period	0	0
% interest held	20.00%	20.00%

(4) Ambatel which owns and operates Novotel Seoul Ambassador Doksan that is run by AccorHotels under management contract. Key figures for Ambatel Inc are as follows:

Hotels Korea **Ambatel (Novotel Seoul Ambassador Doksan)** **(In millions of euros)**	**Dec. 2014**	**Dec. 2015**
Revenue	9	8
Net profit (loss)	1	(2)
Total current Assets	2	1
Total non-current Assets	54	54
Equity (including currency translation reserve)	41	41
Total current Liabilities	5	3
Total non-current Liabilities	10	12
Net cash/(Net debt)	(7)	(7)
Market capitalization	N/A	N/A
Dividends paid by the compagny to AccorHotels during the period	-	-
% interest held	21.83%	21.83%

(5) Mama Shelter is developing an eponymous hotel network. It currently has hotels in France, in Istanbul and in the United States:

Mama Shelter (In millions of euros)	**Dec. 2014**	**Dec. 2015**
Revenue	7	42
Net profit (loss)	(0)	(3)
Total current Assets	12	9
Total non-current Assets	71	143
Equity (including currency translation reserve)	44	76
Total current Liabilities	26	63
Total non-current Liabilities	14	13
Net cash/(Net debt)	(26)	(36)
Market capitalization	N/A	N/A
Dividends paid by the compagny to AccorHotels during the period	-	-
% interest held	36.60%	36.60%

This financial information includes fair value adjustments made following the purchase price allocation.

Note 17.3. Information about material joint ventures

The following joint ventures have a material impact on the consolidated financial statements:

(6) Société Immobilière d'Exploitation Hôtelière Algérienne (SIEHA), which operates a hotel network in Algeria, mainly under the ibis brand. Key figures for SIEHA are as follows:

Société Immobilière d'Exploitation Hôtelière Algérienne (In millions of euros)	**Dec. 2014**	**Dec. 2015**
Revenue	24	24
Net profit (loss)	4	5
Total current Assets	45	17
Total non-current Assets	73	71
Equity (including currency translation reserve)	42	43
Total current Liabilities	32	6
Total non-current Liabilities	44	39
Net cash/(Net debt)	(28)	(24)
Market capitalization	N/A	N/A
Dividends paid by the compagny to AccorHotels during the period	-	-
% interest held	50.00%	50.00%

(7) Reef Casinos is a resort in Australia comprising a hotel and a casino.

Reef Casinos in Australia (In millions of euros)	**Dec. 2014**	**Dec. 2015**
Revenue	23	25
Net profit (loss)	6	6
Total current Assets	14	15
Total non-current Assets	88	86
Equity (including currency translation reserve)	85	84
Total current Liabilities	11	11
Total non-current Liabilities	7	6
Net cash/(Net debt)	7	8
Market capitalization	N/A	N/A
Dividends paid by the compagny to AccorHotels during the period	3	3
% interest held	50.00%	50.00%

Note 17.4. Other information about associates and joint ventures

To the best of the Group's knowledge, there are no material restrictions on the ability of any associate or joint venture to transfer funds to AccorHotels in the form of cash dividends or to repay any loans or other liabilities.

Adequate provisions have been recorded in the consolidated financial statements for the Group's liability for part of the losses of associates or joint ventures where applicable.

Irrevocable purchase commitments received by AccorHotels that relate to associates and joint ventures are described in the note on off-balance sheet commitments.

Note 18. Other Financial Investments

In millions of euros	Dec. 2014	Dec. 2015
Investments in non-consolidated companies (Available for sale financial assets)	93	121
Deposits (Loans and Receivables)	70	90
Other financial investments, at cost	**163**	**211**
Accumulated impairment losses	(34)	(21)
Other financial investments, net	**129**	**191**

Accumulated impairment losses relate almost entirely to investments in non-consolidated companies.

Other financial investments break down as follows:

In millions of euros	Dec. 2014	Dec. 2015
Pullman Tour Eiffel receivable	21	21
A-HTrust (Singapore investment fund)	20	22
Stone (French property company)	11	11
Deposit for hotels in France sold in 2008	10	-
Huazhu	-	36
Sofitel Santa Clara purchase price payment	-	22
Other investments and deposits	67	79
Other financial investments, net	**129**	**191**

At December 31, 2015, the fair value reserve for assets classified as available-for-sale amounts to €7 million (see Note 22), and amounted to €(5) million at December 31, 2014.

Note 19. Receivables and Payables

Note 19.1. Trade receivables and related provision

In millions of euros	Dec. 2014	Dec. 2015
Gross value	455	476
Provisions	(38)	(44)
Net	**417**	**432**

Provisions for impairment in value of trade receivables correspond to numerous separate provisions, none of which are material. Past-due receivables are tracked individually and regular estimates are made of potential losses in order to increase the related provisions if and when required. Past-due receivables not covered by provisions are not material.

Note 19.2. Details of other receivables and accruals

In millions of euros	Dec. 2014	Dec. 2015
Recoverable VAT	130	146
Prepaid wages and salaries and payroll taxes	3	3
Other prepaid and recoverable taxes	67	42
Other receivables	240	243
Other prepaid expenses	71	75
Other receivables and accruals, at cost	**511**	**509**
Provisions	**(50)**	**(38)**
Other receivables and accruals, net	**461**	**471**

Note 19.3. Details of other payables

In millions of euros	Dec. 2014	Dec. 2015
VAT payable	84	88
Wages salaries and payroll tax payables	332	331
Other tax payables	81	80
Other payables	389	427
Deferred income	76	85
Other payables	**963**	**1,012**

Note 19.4. Analysis of other receivables / payables' periods

In millions of euros	< 1 year	1 to 5 years	> 5 years	Dec. 2015	Dec. 2014
Inventories	37	-	-	37	28
Trade receivables	430	1	-	432	417
Recoverable VAT	144	2	0	146	130
Prepaid payroll taxes	3	-	-	3	3
Other prepaid and recoverable taxes	42	-	-	42	67
Other receivables	204	1	-	205	190
CURRENT ASSETS	**860**	**5**	**0**	**865**	**835**
Trade payables	736	0	-	736	690
VAT payable	88	-	-	88	84
Wages and salaries and payroll taxes payable	330	1	-	331	332
Other taxes payable	80	-	-	80	81
Other payables	427	-	-	427	389
CURRENT LIABILITIES	**1,662**	**1**	**-**	**1,663**	**1,576**

Note 20. Shareholders' Equity

Note 20.1 Changes in share capital

At December 31, 2015, the number of outstanding shares and the number of potential shares that could be issued break down as follows:

Number of issued shares at January 1, 2015	**231,836,399**
Performance shares granted	234,645
Shares issued on exercise of stock options	1,911,904
Shares issued in payment of dividends	1,369,477
Number of issued shares at December 31, 2015	**235,352,425**
Stock option plans	2,385,431
Performance shares plans	1,045,048
Potential number of shares	**238,782,904**

At December 31, 2015, the share's par value was €3.

Note 20.2 Diluted earnings per share

At December 31, 2015, the average number of ordinary shares before and after dilution is presented as follows:

Outstanding shares at December 31, 2015	**235,352,425**
Effect of share issues on the weighted average number of shares	(63,096)
Adjustment for stock option plans exercised during the period	(335,762)
Effect of stock dividends on weighted average number of shares	(566,551)
Weighted average number of ordinary shares during the period	**234,387,017**

Diluted earnings per share were therefore calculated as follows:

In millions of euros	Dec. 2014	Dec. 2015
Net profit, Group share (continuing and discontinued operations)	**223**	**244**
Hybrid capital dividend payment	-	(37)
Adjusted Net profit, Group share	**223**	**207**
Weighted average number of ordinary shares (in thousands)	**230,232**	**234,387**
Number of shares resulting from the exercise of stock options (in thousands)	1,209	1,073
Number of shares resulting from performance shares grants (in thousands)	375	529
Fully diluted weighted average number of shares (in thousands)	**231,816**	**235,989**
Earnings per share (in euros)	**0.97**	**0.88**
Diluted earnings per share (in euros)	**0.96**	**0.88**

Full conversion would have the effect of reducing debt at December 31, 2015 as follows:

	In millions of euros
Theoretical impact of exercising stock options (*)	64
Theoretical impact on net debt of exercising all equity instruments	**64**

(*) assuming exercise of all options outstanding

Note 20.3 Exchange differences on translating foreign operations

Exchange differences on translating foreign operations between December 31, 2014 and December 31, 2015, representing a positive impact of €3 million, mainly concern changes in exchange rates against the euro of the US Dollar (€62 million positive impact), the Pound Sterling (€16 million positive impact), the Swiss Franc (€8 million positive impact), the Brazilian Real (€53 million negative impact) and the Chinese Yuan (€17 million negative impact).

The period-end euro/local currency exchange rates applied to prepare the consolidated financial statements were as follows:

	USD	AUD	PLN	GBP	CNY
December 2014	1,2141	1,4829	4,2732	0,7789	7,5358
December 2015	1,0887	1,4897	4,2639	0,7340	7,0608

Note 20.4 Payment of dividends

The 2014 and 2015 dividends were as follows:

In euros	**2014**	**2015**
Dividend per Share	**0.95**	**1.00**

Part of the 2014 dividend was paid in cash and part in stock.

Note 20.5. Share-based payments

STOCK OPTION PLANS

Description of the main plans

The following table summarizes the characteristics of stock options outstanding at December 31, 2015, as well as of options that were cancelled or expired during the period.

	Grant date	Life of plan	Number of options granted	Option exercise date	Number of grantees	Exercise price	Cash-settled or equity settled
Plan 16 (*)	September 13, 2007	8 years	2,139	from 09/13/10 until 09/13/15	40	40.08 €	Equity
Plan 17	March 28, 2008	7 years	2,080,442	from 03/29/12 until 03/28/15	1,022	30.81 €	Equity
Plan 18	September 30, 2008	7 years	110,052	from 10/01/12 until 09/30/15	6	28.32 €	Equity
Plan 19	March 31, 2009	8 years	1,429,456	from 04/01/13 until 03/31/17	1,138	18.20 €	Equity
Plan 20	April 2, 2010	8 years	2,618,770	from 04/03/14 until 04/02/18	1,020	26.66 €	Equity
Plan 21	April 2, 2010	8 years	153,478	from 04/03/14 until 04/02/18	10	26.66 €	Equity
Plan 22	November 22, 2010	8 years	92,448	from 11/23/14 until 11/22/18	5	30.49 €	Equity
Plan 23	April 4, 2011	8 years	621,754	from 04/05/15 until 04/04/19	783	31.72 €	Equity
Plan 24	April 4, 2011	8 years	53,125	from 04/05/15 until 04/04/19	8	31.72 €	Equity
Plan 25	March 27, 2012	8 years	527,515	from 03/28/16 until 03/27/20	390	26.41 €	Equity
Plan 26	March 27, 2012	8 years	47,375	from 03/28/16 until 03/27/20	8	26.41 €	Equity
Plan 27	September 26, 2013	8 years	40,000	from 09/27/17 until 09/26/21	1	30.13 €	Equity

(*) Plan 16 is stock savings warrants

Stock options granted under Plan 21 are performance options based on market conditions. The vesting criterion, which concerned the relative performance of the Accor SA share compared to the CAC 40 index in 2010, 2011, 2012 and 2013, was adjusted following the demerger of the Hotels and Services businesses. The options vest after four years, depending on the annual performance of the AccorHotels share versus the CAC 40 index. The number of options that may be exercised after the four-year vesting period may not exceed 100% of the initial award. The performance criteria were met in 2010. In 2011 and 2012, the performance criteria were only partly met. In 2013, the performance criteria were not met. Grantees received 77,191 stock options in 2014.

Stock options granted under Plan 24, Plan 26 and Plan 27 are subject to a market-based performance criterion. During each year of the vesting period (from 2011 to 2014 for Plan 24, from 2012 to 2015 for Plan 26 and from September 2013 to September 2017 for Plan 27) options representing one quarter of the original grant are subject to an external performance measure based on AccorHotels' Total Shareholder Return (TSR) relative to that of eight international hotel groups. The objectives have been set for four years, with intermediate rankings. A fixed percentage of options vest each year for each level in the ranking achieved. In 2011, the Plan 24's performance criteria were not met. In 2012, the Plan 24's performance criteria were met and the Plan 26's performance criteria were partially met. In 2013, the Plan 24's performance criteria were partially met and the Plan 26's performance criteria were not met. In 2014, the plan 24's performance criteria were partially met and the Plan 26's and 27's performance criteria were not met. In 2015, the plans 26 and 27's performance criteria were met. Grantees of the plan 24 received 33,203 stock options in 2015.

Changes in outstanding stock options during 2014 and 2015 are as follows:

	December 31, 2014		December 31, 2015	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding at beginning of period	**8,300,398**	**€31.77**	**4,521,862**	**€27.29**
Options cancelled or expired during the period	(2,093,547)	€44.92	(224,527)	€30.03
Options exercised during the period	(1,684,989)	€27.46	(1,911,904)	€27.41
Options outstanding at end of period	**4,521,862**	**€27.29**	**2,385,431**	**€26.93**
Options exercisable at end of period	**3,314,855**	**€26.57**	**1,830,169**	**€27.00**

Outstanding options at December 31, 2015 are as follows:

	Number of outstanding options	Remaining life of the options
Plan 19	262,971	1 year and 3 months
Plan 20	924,928	2 years and 3 months
Plan 21	56,197	2 years and 3 months
Plan 22	90,948	2 years and 11 months
Plan 23	463,094	3 years and 3 months
Plan 24	32,031	3 years and 3 months
Plan 25	494,535	4 years and 3 months
Plan 26	20,727	4 years and 3 months
Plan 27	40,000	5 years and 9 months

Fair value of options

The fair value of these options at the grant date has been determined using the Black & Scholes or Monte Carlo option-pricing models, based on data and assumptions that were valid at that date. The information presented in this table for plans 16 to 21 (particularly the exercise price, the share price at the grant date and the fair value) has not therefore been adjusted for the effects of the July 2, 2010 demerger.

The main data and assumptions used for the fair value calculations are as follows:

	Plan 16	Plan 17	Plan 18	Plan 19	Plan 20	Plan 21
Expected volatility (1)	27.57%	27.87%	26.72%	31.91%	33.96%	33.96%
Expected share yield (2)	4.15%	3.84%	4.03%	2.63%	2.29%	2.29%
Dividend rate (3)	2.29%	2.53%	2.53%	2.53%	3.24%	3.24%
Fair value of options (4)	€16.66	€11.55	€7.00	€5.78	€10.28	€9.44

	Plan 22	Plan 23	Plan 24	Plan 25	Plan 26	Plan 27
Expected volatility (1)	34.99%	35.74%	35.74%	39.71%	39.71%	37.16%
Expected share yield (2)	1.98%	2.90%	2.60%	1.67%	1.67%	1.20%
Dividend rate (3)	2.22%	2.19%	2.19%	2.42%	2.42%	3.04%
Fair value of options (4)	€9.25	€9.40	€8.89	€7.88	€6.50	€6.30

(1) Weighted volatility based on exercise periods
(2) Expected share yield based on exercise periods
(3) For the plans granted before 2011, the dividend rate used to measure the fair value of options correspond to the average payout rate for the previous two, three or four years. For the plans granted in 2011, this rate corresponds to the expected payout rate for 2011. For the plans granted since 2012, this rate corresponds to the payout rate for the previous year.
(4) Fair value of options based on exercise periods

Maturities of stock options

The Group has decided to base the exercise dates of stock options under these plans on observed exercise dates under previous plans. The same principle has been applied to all plans, as follows:

- 35% of options exercised after 4 years
- 20% of options exercised after 5 years
- 35% of options exercised after 6 years
- 5% of options exercised after 7 years – 10% for plans 17 and 18
- 5% of options exercised after 8 years

Maturities stock options correspond to the options' expected lives.

Share price volatility

The Group has chosen to apply a volatility rate calculated by reference to historical data for the eight years preceding the grant date. Different volatility rates have been applied, calculated from granted date, to each maturity as presented above.

PERFORMANCE SHARE PLANS

Main features of the performance share plans

	2011 Plan	2012 Plan	2013 Plan	2014 Plan	2015 Plan
Grant date	04/04/2011	03/27/2012	04/15/2013	06/18/2014	06/16/2015
Number of shares granted	249,107	284,976	290,550	484,400	480,090
2-year vesting period + 2 performance conditions	*190,331*	*170,332*	*169,605*	*206,050*	-
2-year vesting period + 3 performance conditions	-	*47,375*	-	-	-
2-year vesting period + 4 performance conditions	-	-	*72,500*	*176,500*	-
3-year vesting period + 2 performance conditions	*20,450*	-	-	-	-
4-year vesting period + 2 performance conditions	*38,326*	*67,269*	*48,445*	*79,850*	*326,290*
4-year vesting period + 4 performance conditions	-	-	-	*22,000*	*153,800*
Performance critea	Revenue, operating profit and operating cash flow	EBIT margin, operating cash flow, completion of planned asset disposals	EBIT margin, operating cash flow from operating activities, completion of planned asset disposals and an external performance criterion		
Performance measurement period	2011 - 2012	2012 - 2013	2013 - 2014	2014 - 2015	2015 - 2018
Performance criteria met	Met in 2011 and 2012	Partially met in 2012 and fully met in 2013	Partially met in 2013 and 2014	Partially met in 2014 and fully met in 2015	Met in 2015
Data (in millions of euros)					
Initial Fair value (1)	7.6	7.1	6.6	16.6	19.6
2011 Plan costs	2.5	-	-	-	-
2012 Plan costs	3.3	2.4	-	-	-
2013 Plan costs	1.0	2.6	2.6	-	-
2014 Plan costs	0.2	0.7	2.4	4.0	-
2015 Plan costs	0.3	0.3	0.8	7.3	4.2

(1) The cost of the performance share plan was being recognized on a straight-line basis over the vesting period under "Employee benefits expense" with a corresponding adjustment to equity. The fair value of the share grants is measured as the average of the AccorHotels share prices for the twenty trading days preceding the grant date less the present value of dividends unpaid multiplied by the number of shares granted under the plan.

Shares subject to a two- or three-year vesting period are also subject to a two-year lock-up. No lock-up period applies when the initial vesting period is four years.

For all plans between 2011 and 2014, two years' annual growth targets compared to the budget have been set (four years' annual growth targets for 2015 plan), with intermediate levels. For each intermediate performance level that is met each year, a fixed percentage of the performance shares will vest in that year.

COST OF SHARE-BASED PAYMENTS RECOGNIZED IN THE ACCOUNTS

The total cost recognized in profit or loss by adjusting equity in respect of share-based payments amounted to €13.6 million at December 31, 2015 when it amounted to €10.0 million at December 31, 2014.

Note 20.6. Perpetual subordinated notes

On June 30, 2014, AccorHotels issued €900 million worth of perpetual subordinated notes. The interest rate on the notes is set at 4.125% up until June 30, 2020 and will be re-set every five years thereafter, with a 25-bps step-up in June 2020 and a 275-bps step-up in June 2040.

The notes have no fixed maturity. They are repayable at AccorHotels' option on June 30, 2020, June 30, 2025 and on each anniversary of the issue date thereafter. Dividend payment (interest) is payable on the notes only in those periods for which a dividend is paid to shareholders.
Due to their characteristics and in accordance with IAS 32 (see Note 2.M.3), the notes were recorded in equity upon receipt of the issue proceeds for €887 million (net of transaction costs). The dividend payments are also recorded in equity.
In 2015, dividend payment on perpetual subordinated notes amounted to €37 million.

Note 21. Minority Interests

Note 21.1. Changes in Minority Interests

Changes in minority interests break down as follows:

In millions of euros

December 31, 2013	**214**
Minority interests in net profit for the period	17
Dividends paid to minority interests	(13)
Increase in capital	(1)
Translation adjustment	(4)
Changes in scope of consolidation	(0)
December 31, 2014	**213**
Minority interests in net profit for the period	27
Dividends paid to minority interests	(15)
Capital increase	0
Translation adjustment	(0)
Changes in scope of consolidation	1
December 31, 2015	**225**

Changes in scope of consolidation during the period included the reclassification of €4 million from "Shareholders' equity, group share" to "Minority interests" following the transfer by AccorHotels to Orbis of the management of its Central European operations.

Note 21.2. Information about material minority interests

Material minority interests are as follows:

Orbis/Hekon (Poland)	% interests	% voting rights	Minority interests in net profit for the period	Minority interests in equity at period-end	Dividends paid by AccorHotels to minority interests during the period
December 31, 2014	47.31%	47.31%	9	168	8
December 31, 2015	47.31%	47.31%	19	180	8

Orbis/Hekon (Poland)	Selected financial information about the subsidiary					
	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenue	Net Profit or Loss
December 31, 2014	56	401	11	446	168	18
December 31, 2015	96	486	66	516	300	40

This financial information includes adjustments recorded by AccorHotels in 2008 when the Group acquired control of Orbis.

To the best of the Group's knowledge, no minority shareholders have any particular protective rights that could materially affect AccorHotels' ability to use and dispose of its subsidiaries' assets or use and settle their liabilities.

Note 22. Comprehensive Income and fair value adjustments on Financial Instruments reserve

The tax impact of other components of comprehensive income can be analyzed as follows:

In millions of euros	Dec. 2014			Dec. 2015		
	Before tax	**Income tax expense**	**Net of tax**	**Before tax**	**Income tax expense**	**Net of tax**
Currency translation adjustment	83	-	83	(3)	-	(3)
Change in fair value resulting from "Available-for-sale financial assets"	(2)	-	(2)	12	-	12
Effective portion of gains and losses on hedging instruments in a cash flow hedge	0	-	0	(3)	-	(3)
Actuarial gains and losses on defined benefits plans	(17)	5	(11)	(14)	5	(9)
Share of the other comprehensive income of associates and joint ventures accounted for using the equity method	-	-	-	-	-	-
Total Other Comprehensive income	**64**	**5**	**69**	**(8)**	**5**	**(3)**

Fair value adjustments on financial instruments reserve break down as follows:

In millions of euros	Dec. 2014	Dec. 2015
Interest rate and currency swaps	(0)	(3)
Fair value adjustments to non-consolidated investments	(5)	7
Total Fair Value Adjustments on Financial Instruments Reserve	**(5)**	**4**

Note 23. Debt by Currency and Maturity

Note 23.1. Analysis of Long and Short-term debt by nature

Long and short-term debt at December 31, 2015 breaks down as follows:

In millions of euros	Dec. 2014	Dec. 2015
Bonds	2,625	2,582
Bank borrowings	100	123
Other borrowings	6	5
Long and short-term borrowings	**2,731**	**2,710**
Long and short-term finance lease liabilities	72	72
Purchase commitments (minority put)	11	10
Liability derivatives	-	15
Other financial liabilities and bank overdrafts	52	48
Long and short-term debt	**2,866**	**2,855**

Note 23.2. Bonds

Bonds at December 31, 2015 break down as follows:

Nominal amount In local currency	Date of issuance	Maturity	Initial effective interest rate (%)	2014 In millions of euros	2015 In millions of euros
250 M EUR	Aug-09	Nov-17	6.04%	249	250
700 M EUR	Jun-12	Jun-17	2.88%	698	367
600 M EUR	Mar-13	Mar-19	2.50%	596	334
900 M EUR	Feb-14	Feb-21	2.63%	898	902
150 M CHF	Jun-14	Jun-22	1.75%	124	138
60 M EUR	Dec-14	Feb-22	1.68%	60	60
300 M PLN	Jun-15	Jun-20	2.76%	-	71
500 M EUR	Sep-15	Sep-23	2.38%	-	461
Total bonds				**2,625**	**2,582**

Note 23.3. Analysis of Long and Short-term Debt by maturity

At December 31, 2015, maturities of long and short-term debt were as follows:

In millions of euros	Dec. 2014	Dec. 2015
Year N + 1	82	110
Year N + 2	20	633
Year N + 3	965	16
Year N + 4	31	350
Year N + 5	614	119
Year N + 6	12	908
Beyond	1,142	719
Long and short-term debt	**2,866**	**2,855**

The maturity profile of debt is one of the indicators used to assess the Group's liquidity position.

In this presentation, the fair value of derivative interest rate and currency instruments is classified as short term. Interest rate and currency hedges are analyzed by expiry date in Note 23.8 "Financial instruments". Foreign currency borrowings and investments are translated at year-end exchange rates.

December 2015 financial costs amount to €71 million. Future financial costs are estimated at €253 million for the period from January 2016 to January 2019 and €85 million thereafter.

2014 financial costs amounted to €58 million. Future financial costs were estimated at €275 million for the period from January 2015 to December 2018 and €71 million thereafter.

These estimates are based on the average cost of debt of the end of the period, after hedging. They have been determined by applying the assumption that no facilities will be rolled over at maturity.

Note 23.4. Analysis of long and short-term debt by currency before and after hedging

In millions of euros	Before hedging			After hedging		
	Total debt			Total debt		
	Amount	Rate	% of total debt	Amount	Rate	% of total debt
Euro	2,390	2.91%	88%	2,285	2.91%	84%
Swiss franc	152	1.73%	6%	210	1.74%	8%
Polish zloty	107	2.83%	4%	107	2.83%	4%
Japanese yen	-	0.00%	-	33	0.07%	1%
Mauritian rupee	25	7.68%	1%	25	7.68%	1%
CFA franc	12	7.82%	0%	12	7.82%	0%
Other currencies	24	7.43%	1%	38	5.94%	1%
Long and short-term debt	**2,710**	**2.95%**	**100%**	**2,710**	**2.89%**	**100%**

Note 23.5. Analysis of long and short-term debt by interest rate after hedging

At December 31, 2015, 85% of long and short-term debt was fixed rate, with an average rate of 2.95%, and 15% was variable rate, with an average rate of 2.55%.

At December 31, 2015, fixed rate debt was denominated primarily in EUR (86%), while variable rate debt was denominated mainly in EUR (75%), in PLN (17%) and in MUR (3%).

Note 23.6. Covenants

None of the loan agreements include any rating triggers. However, certain loan agreements include acceleration clauses that may be triggered in the event of a change of control, following the acquisition of more than 50% of outstanding voting rights. Of the overall gross debt of €2,710 million, a total of €2,582 million worth is subject to such clauses. In the case of bonds, the acceleration clause can be triggered only if the change of control leads to AccorHotels' credit rating being downgraded to non-investment grade.

Note, however, that in the case of the syndicated loan renegotiated in June 2014, the acceleration clause can be triggered if AccorHotels does not comply with the leverage ratio covenant (consolidated net debt to consolidated EBITDA).

None of the loan agreements include a cross default clause requiring immediate repayment in the event of default on another facility. Cross acceleration clauses only concern loans for periods of at least three years; these clauses would be triggered solely for borrowings and only if material amounts were concerned.

Note 23.7. Unused confirmed credit line

On December 31, 2015, unused long-term committed line is amounting to €1,800 million, expiring in June 2019.

Note 23.8. Financial instruments

1. CURRENCY HEDGES

The following tables analyzes the nominal amount of currency hedges by maturity and the carrying amount of these instruments in the statement of financial position, corresponding to their fair value, at December 31, 2015:

Currency swaps In millions of euros	**Maturity 2016**	**Dec. 2015 Nominal amount**	**Dec. 2015 Fair value**
Japanese yen	32	32	(0)
Chinese yuan	11	11	(0)
British pound	57	57	1
Australian dollar	54	54	0
Polish zloty	9	9	0
Other currencies	8	8	(0)
Total currency hedging	**172**	**172**	**0**

For each currency, the nominal amount corresponds to the amount of currency sold or purchased forward. Fair value corresponds to the difference between the amount of the currency sold (purchased) and the amount of the currency purchased (sold), converted in both cases at the period-end forward exchange rate.

All the currency instruments purchased by the Group are designated and documented fair value hedges of intra-group loans.

At December 31, 2015, the total fair value of currency derivatives was €0 million, recorded in assets.

2. INTEREST RATE HEDGES

The following table analyse the notional amount of interest rate hedges by maturity and the carrying amount of these instruments in the statement of financial position, corresponding to their fair value, at December 31, 2015:

In millions of euros	**2015**	**2016**	**2017**	**Beyond**	**Dec. 2015 Nominal Amount**	**Dec. 2015 Fair Value**
Rate swaps	-	-	-	721	721	7
Interest rate hedges	**-**	**-**	**-**	**721**	**721**	**7**

The “notional amount” corresponds to the amount covered by the interest rate hedge. “Fair value” corresponds to the amount that would be payable or receivable if the positions were unwound on the market.

The portfolio comprises:
- Interest rate swaps converting interest on part of the Group's bond debt to variable rate (fair value of the swap: €4 million)
- A cross-currency swap (fair value: €(7) million) converting EUR debt into CHF in addition to another CHF bond issue, matched by an intragroup loan for the same amount
- Interest rate swaps set up in connection with a future real estate finance lease (fair value: €(4) million)

Only the fixed-to-variable rate swaps on bond debt represent designated and documented fair value hedges.

At December 31, 2015, the total fair value of rates derivatives was €7.3 million, recorded in liabilities.

3. FAIR VALUE

3.1 Fair value of financial instruments

The carrying amount and fair value of financial instruments at December 31, 2015 are as follows:

In millions of euros		Dec. 2014 Carrying amount	Dec. 2015 Carrying Amount	Dec. 2015 Fair value
FINANCIAL LIABILITIES		**2,866**	**2,855**	**3,007**
Bonds	(1)	2,625	2,582	2,733
Bank borrowings		92	117	117
Finance lease liabilities		72	72	72
Other financial liabilities		77	69	69
Derivative instruments - liabilities	(2)	-	15	15
FINANCIAL ASSETS		**(2,707)**	**(3,050)**	**(3,052)**
Money market securities		(2,549)	(2,799)	(2,801)
Cash		(126)	(156)	(156)
Other		(30)	(87)	(87)
Derivative instruments - assets	(2)	(2)	(8)	(8)
NET DEBT		**159**	**(194)**	**(45)**

(1) The fair value of listed bonds corresponds to their quoted market value on the Luxembourg Stock Exchange and on Bloomberg on the last day of the period (level 1 valuation technique according to IFRS 13).
(2) The fair value of forward foreign exchange contracts and interest rate and currency swaps corresponds to the market price that the Group would have to pay or receive to unwind these contracts (level 2 valuation technique according to IFRS 13).

3.2. Fair value of money market securities

The carrying amount and fair value of money market securities at December 31, 2015 are as follows:

In millions of euros		Dec. 2014 Carrying amount	Dec. 2015 Carrying amount	Dec. 2015 Fair value
Other negotiable debt securities	(a)	(1,701)	(1,533)	(1,533)
Mutual funds units convertible into cash in less than three months (*)	(b)	(831)	(1,266)	(1,268)
Other (accrued interest)		(17)	-	-
Total money market securities		**(2,549)**	**(2,799)**	**(2,801)**

(*) The fair value of mutual fund units corresponds to their net asset value (level 1 valuation technique according to IFRS 13).

(a) Loans and receivables issued by the Group
(b) Available-for-sale financial assets

Note 24. Analysis of financial assets and liabilities under IFRS 7

	Breakdown by accounting category					Fair value for financial instruments recognized at fair value			
At December 31st 2015 In millions of euros	Fair value through profit or loss	Assets held for sale	Loans, receivables and debts at amortized cost	Derivatives	**Carrying amount**	Level 1*	Level 2*	Level 3*	**Fair value of the class**
Loans			161		161				-
Other financial investments		100	90		191	58		42	100
Trade receivables			432		432				-
Receivables on disposals of assets			44		44				-
Cash and cash equivalents	4	1,266	1,689	4	2,963	1,268	8		1,276
ASSETS	**4**	**1,366**	**2,416**	**4**	**3,790**	**1,326**	**8**	**42**	**1,376**
Bonds			2,582		2,582				-
Bank borrowings			117		117				-
Finance lease liabilities			72		72				-
Trade payables			736		736				-
Other debts	15		69		84		15		15
LIABILITIES	**15**	**-**	**3,576**	**-**	**3,592**	**-**	**15**	**-**	**15**

At December 31st 2014 In millions of euros	Fair value through profit or loss	Assets held for sale	Loans, receivables and debts at amortized cost	Other derivatives	**Carrying amount**	Level 1*	Level 2*	Level 3*	**Fair value of the class**
Loans			149		149				-
Other financial investments		59	70		129	20		39	59
Trade receivables			417		417				-
Receivables on disposals of assets			14		14				-
Cash and cash equivalents	2	831	1,844		2,677	831	2		833
ASSETS	**2**	**890**	**2,494**	**-**	**3,386**	**851**	**2**	**39**	**892**
Bonds			2,625		2,625				-
Bank borrowings			92		92				-
Finance lease liabilities			72		72				-
Trade payables			690		690				-
Other debts			77		77				-
LIABILITIES	**-**	**-**	**3,556**	**-**	**3,556**	**-**	**-**	**-**	**-**

* The fair value hierarchies have three levels: see Note 2.R. Fair value hierarchies are presented only for financial instruments measured at fair value.

The methods used to measure the fair value of derivative instruments, mutual fund unit convertible into cash and bonds are described in Note 23. The method used to measure the fair value of investments in non-consolidated companies is described in Note 2.N.1.

Note 25. Profit or loss from discontinued operations and Assets and Liabilities Held for Sale

Note 25.1. Profit or loss from discontinued operations

Profit or loss from discontinued operations includes the profit generated by the Italian Onboard day Train Services business, which remained classified as a "discontinued operations" because of the ongoing liquidation process of the company. Profit or loss from discontinued operations is not significant regarding the size of the Group.

Note 25.2. Assets and Liabilities Held for Sale

Assets and liabilities held for sale break down as follows:

In million of euros	Dec. 2014	Dec. 2015
Onboard Train Services business	14	12
Non-current assets classified as held for sale	333	195
Total Assets classified as Assets held for sale	**347**	**208**
Onboard Train Services business	(9)	(8)
Liabilities related to Disposal groups classified as held for sale	(11)	(10)
Total Liabilities classified as Liabilities associated with assets classified as held for sale	**(20)**	**(19)**

A. ONBOARD TRAIN SERVICES

In 2010 and 2012, AccorHotels sold Onboard rail catering businesses in France, Austria and Portugal and part of the Italian business to Newrest.

Following the ongoing liquidation process of the company, the related assets and liabilities remained classified under "Assets held for sale" and "Liabilities associated with assets held for sale" at December 31, 2015.

B. OTHER ASSETS HELD FOR SALE

In millions of euros			Dec. 2014	Dec. 2015
France	(a)		1	50
Spain	(a)		0	23
Austria	(a)		-	15
Italia	(a)		-	12
Belgium	(a)		-	9
Germany	(a)	(f)	125	5
Netherlands	(a)	(f)	81	2
Portugal	(a)		0	1
China	(b)		57	47
Colombia	(c)		-	11
United Kingdom	(d)		29	4
Swiss	(e)		25	0
Other			15	16
Non-current assets classified as held for sale			**333**	**195**

In accordance with IFRS 5, these assets are reclassified in the statement of financial position under “Assets held for sale” and measured at the lower of their carrying amount and fair value less costs to sell.

(a) At December 31, 2015, 85 hotels had been reclassified as "Assets held for sale" for a total of €114 million. The properties are intended to be sold to a hotel investment company in 2016 (see Note 3). They include 61 hotels in France for €48 million, nine in Spain for €23 million, four in Austria for €15 million, three in Italy for €12 million, four in Belgium for €9 million, one in Germany for €4 million, one in the Netherlands for €2 million and two in Portugal for €1 million.

(b) In 2014, in connection with its partnership with Huazhu, the Group decided to sell twelve ibis hotels in China (see Note 3). These hotels are still classified as assets held for sale and their carrying amount was €46 million at December 31, 2015. These hotels were sold in January 2016.

(c) At December 31 2015, the Cartagena ibis was reclassified as "Assets held for sale". The property is intended to be sold under a sale-and-management-back contract in 2016.

(d) At December 31 2015, the Gloucester ibis was reclassified as "Assets held for sale". In 2014, the Group decided to sell eight hotels acquired by the Group when it purchased the Tritax portfolio. Six of these hotels were sold during the first half of 2015 and two during the second half. See Note 3.

(e) At December 31, 2014, the Zürich MGallery was reclassified as « Assets held for sale » for a carrying amount of €25 million. This hotel was sold on April 14, 2015.

(f) At December 31, 2014, twenty-nine hotels (twenty-seven that the Group acquired when it purchased the Moor Park portfolio) were reclassified as assets held for sale. Their total carrying amount at that date was €206 million. These hotels were sold in September 2015.

Note 26. Provisions

Movements in provisions between December 31, 2014 and December 31, 2015 can be analysed as follows:

In millions of euros	Dec. 2014	Equity impact	Increases	Utilizations	Reversals of unused provisions	Translation adjustment	Reclassifications and changes in scope	Dec. 2015
Provisions for pensions (3)	103	14	11	(6)	(2)	(0)	(0)	**120**
Provisions for loyalty bonuses (3)	20	-	3	(2)	(2)	(0)	0	**19**
Provisions for claims and litigation and others contingencies	10	-	1	(0)	(6)	0	(2)	**2**
TOTAL LONG-TERM PROVISIONS	**133**	**14**	**15**	**(8)**	**(10)**	**(0)**	**(2)**	**142**
Tax provisions	41	-	1	(5)	(8)	(1)	(0)	**28**
Restructuring provisions (2)	21	-	12	(14)	(3)	0	0	**17**
Provisions for claims litigations and others contingencies (1)	110	-	50	(14)	(17)	(3)	2	**128**
TOTAL SHORT-TERM PROVISIONS	**172**	**-**	**63**	**(32)**	**(28)**	**(4)**	**2**	**173**

(1) Claims and litigations
At December 31, 2015, ordinary provisions for claims and litigation and others include:

- €30 million in provisions for sinister claims;
- €16 million in provisions for the head office removal;
- €12 million in provisions for employee-related claims.

(2) Restructuring provisions at December 31, 2014 included €7 million in provisions for voluntary separation plans within the Group. These provisions were reversed in 2015.

Net provision expense – corresponding to increase in provisions less reversals of utilized and unutilized provisions set up in prior periods – is recorded under the following income statement captions:

In millions of euros	Dec. 2015
EBIT	(7)
Finance cost, net	3
Provision for losses on hotel properties	1
Provision on other assets and restructuring provisions	13
Provision for tax	(11)
TOTAL	**0**

(3) Provisions for pensions and other post-employment benefits

A. Description of the plans

Group employees receive various short-term benefits (paid vacation, paid sick leave and profit-shares), long-term benefits (long-service awards, long-term disability benefits, loyalty bonuses and seniority bonuses), as well as various post-employment benefits provided under defined contribution and defined benefit plans (length-of-service awards payable on retirement, pension benefits).

Short-term benefit obligations are recognized in the statements of financial position of the Group entities concerned.
Post-employment benefits are provided under either defined contribution or defined benefit plans.

Defined contribution plans

Obligations under these plans are funded by periodic contributions to external organizations that are responsible for the administrative and financial management of the plans. The external organization is responsible for all benefit payments and the Group has no liability beyond the payment of contributions. Examples of defined contribution plans include the government-sponsored basic pension and supplementary pension (ARRCO/AGIRC) schemes in France and defined contribution pension schemes in other countries.
Contributions to these plans are recognized in the period to which they relate.

Defined benefit plans

Benefits paid under the Group's defined benefit plans are determined based on employees' years of service with the Group. The benefit obligation is generally funded by plan assets, with any unfunded portion recognized as a liability in the statement of financial position.

The value of the obligation recorded consists of an actuarial valuation performed according to the projected unit credit method. The method is described in Note 2.J.

At AccorHotels, the main post-employment defined benefit plans concern:

- Length-of-service awards in France:

  These are lump-sum payments made to employees on retirement. They are determined by reference to the employee's years of service and end-of-career salary. The calculation is based on parameters defined by Corporate Finance and Human Resources once a year during the second half. The related obligation is covered by a provision.
- Length-of-service awards in Italy:

  These are lump-sum payments made to employees on retirement. They are determined by reference to the employee's years of service, end-of-career salary, and whether they leave on their own initiative or on that of the company. The related obligation is covered by a provision.

- Pensions: the main defined benefit pension plans are for employees in France and in the Worldwide Structures (49% of the obligation), in the Netherlands (23% of the obligation), in Belgium (11% of the obligation) and in Switzerland (7% of the obligation). The plan in the Netherlands is closed to new participants and is fully funded, with the result that no provision has been recognized in the statement of financial position for this plan. Pension benefit obligations are determined by reference to employees' years of service and end-of-career salary. They are funded by payments to external organizations that are legally separate from AccorHotels Group. In the Worldwide Structures, the pension plan concerns senior executives. Pension rights are unvested and plan participants receive a regular pension, not a lump sum. In the Netherlands, the plan concerns all employees and provides for the payment of a lump sum to participants on retirement.

B. Actuarial assumptions

Actuarial valuations are based on a certain number of long-term parameters supplied by the Group, which are reviewed each year.

The main assumptions made by the Group to estimate the obligations at December 31, 2015 and at December 31, 2014 are as follows:

	France		Netherlands		Germany		Belgium		Switzerland		Worldwide Structures	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Rate of future salary increases	3.0%	3.0%	2.0%	2.0%	1.5%	1.5%	3.0%	3.0%	1.0%	1.5%	4.0%	3.0%
Discount rate	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	1.0%	1.5%	2.0%	2.0%

The assumptions concerning the discount rate applied to calculate the present value of benefit obligations were determined based on the recommendations of independent experts. For subsidiaries located in the euro zone, the discount rate is determined based on the iBoxx Corporate AA 10+ euro zone index. For subsidiaries outside the euro zone, the discount rate is based on an analysis of investment grade corporate bond yields in each region. The calculation method is designed to obtain a discount rate that is appropriate in light of the timing of cash flows under the plan. In all other cases, the discount rate is based on government bond rates.

C. FUNDED STATUS OF POST-EMPLOYMENT DEFINED BENEFIT PLANS AND LONG-TERM EMPLOYEE BENEFITS

	Pensions			Other benefits			Total		
In millions of euros	Projected benefit obligation	(Fair value of plan assets)	Provision	Projected benefit obligation	(Fair value of plan assets)	Provision	Projected benefit obligation	(Fair value of plan assets)	Provision
Situation at January 1, 2015	**217**	**(115)**	**103**	**20**	**-**	**20**	**238**	**(115)**	**123**
Current service cost	9	-	**9**	2	-	**2**	11	-	**11**
Interest (income) / cost	4	(2)	**2**	0	-	**0**	5	(2)	**3**
(Gains) losses on curtailments/settlements	(4)	3	**(2)**	(1)	-	**(1)**	(6)	3	**(3)**
Actuarial (gains) / losses related to other benefits				(0)	-	**(0)**	(0)	-	**(0)**
Cost recognized in net profit or loss	**9**	**0**	**9**	**1**	**-**	**1**	**10**	**0**	**10**
Expense for the period	(10)	7	**(3)**	(2)	-	**(2)**	(12)	7	**(5)**
Employer contributions for the period	-	(3)	**(3)**	-	-	**-**	-	(3)	**(3)**
Employee contributions for the period	1	(1)	**(0)**	-	-	**-**	1	(1)	**(0)**
Benefits paid	**(9)**	**3**	**(6)**	**(2)**	**-**	**(2)**	**(11)**	**3**	**(8)**
Actuarial gains and losses related to experience adjustments	*4*	*(1)*	***3***				*4*	*(1)*	***3***
Actuarial gains and losses related to changes in demographic assumptions	*(0)*	-	***(0)***				*(0)*	-	***(0)***
Actuarial gains and losses related to changes in financial assumptions	*12*	-	***12***				*12*	-	***12***
Actuarial (gains) losses recognized in equity	**15**	**(1)**	**14**				**15**	**(1)**	**14**
Effect of changes in scope of consolidation	-	-	**-**	0	-	**0**	0	-	**0**
Exchange differences	1	(1)	**(0)**	(0)	-	**(0)**	1	(1)	**(0)**
Other	(2)	2	**(0)**	(0)	-	**(0)**	(2)	2	**(0)**
Situation at December 31, 2015	**232**	**(112)**	**120**	**19**	**-**	**19**	**252**	**(112)**	**139**

At December 31, 2015, pension obligations break down by region as follows:

	Pensions at December 31, 2015							
In millions of euros	**France**	**Netherlands**	**Germany**	**Belgium**	**Switzerland**	**Worldwide Structures**	**Other countries**	**Total**
Actuarial debt	30	53	13	25	16	84	11	232
(Fair value of plan assets)	0	(53)	(5)	(14)	(11)	(29)	0	(112)
Funded status	30	0	8	11	5	55	11	120

The present value of unfunded obligation amounts to €64 million at December 31, 2015 (of which €45 million related to pensions and €19 million related to other benefits). At December 31, 2014 it amounted to €66 million (of which €46 million related to pensions and €20 million related to other benefits).

Detail of plan assets

The assets of insured defined benefit plans are invested in investment funds held by insurance companies in each of the countries concerned except for Worldwide Structures.

The following table shows the breakdown of these plan assets by country :

Detail of plan assets In millions of euros	**Netherlands**	**Germany**	**Belgium**	**Switzerland**	**Worldwide Structures**	**Total**
Bonds	-	5	12	4	23	43
Real Estate	-	-	1	2	2	6
Shares	-	-	1	3	3	7
Liquidity	-	-	0	0	-	1
Insurance contracts	53	-	-	-	-	53
Other	-	-	0	2	1	3
Total value of plan assets	**53**	**5**	**14**	**11**	**29**	**112**

The AccorHotels Group's pension obligations are funded under insured plans or by external funds. Plan assets therefore consist mainly of the classes of assets held in insurers' general portfolios managed according to conservative investment strategies. The expected long-term return on plan assets is matched to the discount rate.

Sensitivity analysis

At December 31, 2015, the sensitivity of provisions for pensions and other post-employment benefits to a change in discount rate is as follows: a 0.5 point increase in the discount rate would lead to a €13.1 million reduction in the projected benefit obligation, a 0.5 point decrease in the discount rate would lead to a €14.8 million increase in the projected benefit obligation. The impact on the cost for the year would not be material.

At December 31, 2014, the sensitivity of provisions for pensions and other post-employment benefits to a change in discount rate is as follows: a 0.5 point increase in the discount rate would lead to a €12.7 million reduction in the projected benefit obligation, a 0.5 point decrease in the discount rate would lead to a €14.2 million increase in the projected benefit obligation. The impact on the cost for the year would not be material.

Expected cash flows

The following table shows expected cash outflows for the coming years, without taking account any cash inflows generated by plan assets:

Expected cash flows In millions of euros	**France**	**Netherlands**	**Germany**	**Belgium**	**Switzerland**	**Worldwide Structures**	**Other countries**	**TOTAL**
Expected benefits payment in 2016	0	2	1	1	2	2	1	**8**
Expected benefits payment in 2017	1	2	1	0	1	2	1	**7**
Expected benefits payment from 2018 to 2025	11	15	5	7	6	19	4	**66**
Expected contributions in 2016	-	-	0	1	1	-	-	**2**

Note 27. Reconciliation of Funds from Operations

In millions of euros	Dec. 2014	Dec. 2015
Net Profit, Group share	227	246
Minority interests	17	27
Depreciation, amortization and provision expenses	319	324
Share of profit of associates, net of dividends received	(15)	6
Deferred tax	12	(15)
Change in financial provisions and provisions for losses on assets disposals	(76)	27
Impairment losses	55	67
Funds from operations from discontinued operations	(2)	(2)
Funds From Operations including non-recurring transactions	**537**	**680**
(Gains)/Losses on disposals of assets, net	40	21
(Gains)/Losses on non-recurring transactions (included restructuring costs and exceptional taxes)	190	113
Non-recurring items from discontinued activities	0	(0)
Funds From Operations excluding non-recurring transactions	**767**	**814**

Note 28. Change in Working Capital

The variation in Working Capital can be analyzed as follows:

In millions of euros	Dec. 2014	Dec. 2015	Variation
Inventories	28	37	10
Trade receivables	417	432	15
Other receivables and accruals	461	471	10
WORKING CAPITAL ITEMS - Assets	**906**	**940**	**34**
Trade payables	690	736	46
Other payables	963	1,012	48
WORKING CAPITAL ITEMS - Liabilities	**1,652**	**1,748**	**96**
NET WORKING CAPITAL	**746**	**808**	**62**

December 31, 2014 Net Adjusted WORKING CAPITAL	**746**
Change in operating working capital	72
Change in operating working capital of discontinued operations	(0)
Working capital items included in development expenditure	4
Working capital items included in assets disposals and assets reclassified as held for sale	(4)
Translation adjustment	(3)
Change in provisions	(7)
Reclassifications	1
NET CHANGE IN WORKING CAPITAL	**62**
December 31, 2015 NET WORKING CAPITAL	**808**

Note 29. Renovation and maintenance Expenditure and Development Expenditure

Renovation and Maintenance Expenditure

The amounts reported under "Renovation and maintenance expenditure" correspond to capitalized costs for maintaining or improving the quality of assets held by the Group at the beginning of each period (January 1) as a condition of their continuing operation.

In millions of euros	2014	2015
HOTELSERVICES	44	44
HOTELINVEST	209	217
CORPORATE & INTERCOS	9	9
Renovation and maintenance expenditure	**262**	**269**

Development expenditure excluding discontinued operations

Development expenditure corresponds to the property, plant and equipment, and working capital of newly consolidated companies (in accordance with IAS 7 "Statement of cash flows") and includes the purchase or construction of new assets and the exercise of call options under sale-and-leaseback transactions, as follows:

In millions of euros	2014	2015
HOTELSERVICES	39	49
HOTELINVEST	1,309	310
CORPORATE & INTERCOS	(35)	7
Development expenditure	**1,313**	**366**

At December 31, 2015, most important development expenditure of HotelInvest concern:

- Acquisition of a portfolio of four Novotel hotels in Spain from Deutsche AWM for €77 million (see Note 3),
- €28 million related to the development of London Canary Wharf Novotel,
- Acquisition of the Biarritz Miramar Sofitel for €27 million (see Note 3),
- The deposit paid in connection with the acquisition of the Santa Clara Sofitel for €25 million,
- Acquisition of Huazhu shares for €22 million (see Note 3).

At December 31, 2014, most important development expenditure of HotelInvest concerned:

- €715 million related to the acquisition of an 86-hotel portfolio from Moor Park,
- €176 million related to the acquisition of an 11-hotel portfolio from Axa Real Estate,
- €89 million related to the purchase of a portfolio of 13 Tritax hotels in the United Kingdom,
- €29 million related to the acquisition of a stake in Mama Shelter.

Note 30. Claims and Litigation

Note 30.1. CIWLT tax audit

Following tax audits covering the year 2003 of the French branch of Compagnie Internationale des Wagons Lits et du Tourisme (CIWLT), a Belgian company that is 99.78%-owned by Accor SA, the French tax authorities concluded that CIWLT's seat of management was in France, not Belgium.

The authorities therefore added CIWLT's profit to the profit taxable in France. CIWLT contested this reassessment before the competent French courts.

The tax and related penalties totaling €17.5 million were paid in July 2011 and late interest of €2.7 million was paid in August 2011. Receivables for the same amounts were recorded in the consolidated statement of financial position at December 31, 2011, offset in full by provisions. The Versailles Administrative Court of Appeal found against CIWLT in a ruling handed down on May 21, 2013 and in August 2013 CIWLT filed a summary motion to institute proceedings before the French Supreme Court of Appeal (Conseil d'Etat). The motion was accepted and the appeal is currently being heard.

Note 30.2. Dividend withholding tax (précompte)

In 2002, Accor SA mounted a legal challenge to its obligation to pay "précompte" dividend withholding tax on the redistribution of European source dividends.

Until 2004, French parent companies were entitled to a 50% tax credit on dividends received from French subsidiaries, which could be set off against the "précompte" dividend withholding tax. However, no tax credit was attached to European source dividends.

Accor SA contested this rule, on the grounds that it breached European Union rules.

In the dispute between Accor SA and the French State, on December 21, 2006 the Versailles Administrative Court ruled that Accor SA was entitled to a refund of the "précompte" dividend withholding tax paid in the period 1999 to 2001, in the amount of €156 million. The amount of €156 million was refunded to Accor SA during the first half of 2007, together with €36.4 million in late interest due by the French State.

However, on March 8, 2007, the French State appealed the ruling before the Versailles Administrative Court of Appeal. The French State's appeal was rejected on May 20, 2008, thereby confirming Accor SA's right to the refund decided by the Versailles Administrative Court.

As the State had not yet exhausted all avenues of appeal, a liability was recognized for the amounts received and the financial impact of the rulings by the Versailles Administrative Court and Court of Appeal was not recognized in the financial statements.

On July 3, 2009, the French Supreme Court of Appeal announced that it would postpone ruling on the French State's appeal and on August 4, 2009, it applied to the Court of Justice of the European Communities (ECJ) for a preliminary ruling on this issue.

After reviewing the matter, the ECJ's final ruling was handed down on September 15, 2011. In this ruling, the ECJ held that the French précompte/tax credit system restricts the freedom of establishment and free movement of capital.

In its ruling handed down on December 10, 2012, the French Supreme Court of Appeal considered that the dividend tax credit and précompte withholding tax systems had been shown to be incompatible. However, the Court also considered that the amount to be refunded was subject to strict rules which, to all intents and purposes, restricted Accor SA's right to a refund. Accordingly, the Court found that Accor SA was entitled to only approximately €6.3 million of the €156 million in principal already refunded.

In addition to the €149.7 million to be returned to the French State, Accor SA was also required to repay the late interest received in 2007, amounting to approximately €36.4 million, less the portion related to the retained refund of €6.3 million. In all, €184.7 million in principal and interest was repaid to the French State during first-half 2013.

In the 2012 financial statements, the €6.3 million “précompte” dividend withholding tax refunded to Accor SA and not repayable to the French State was credited to a reserve account. The estimated €1.4 million in late interest received on this amount was considered as offsetting the early payment of tax, and was therefore recorded as a tax benefit in the income statement.

AccorHotels has noted the Supreme Court of Appeal’s decision and intends to continue to use the avenues available to it to defend its position in the dispute with the French tax authorities.

On February 7, 2007, Accor SA filed an application originating proceedings before the Cergy Pontoise Court on the same grounds, to obtain a refund of the €187 million in ‘’précompte’’ dividend withholding tax paid in the period 2002 to 2004. In a ruling handed down on May 27, 2014, the Cergy Pontoise Court applied the restrictive principles governing the calculation of refunds described by the French Supreme Court of Appeal (Conseil d’Etat) in a decision dated December 10, 2012. In line with these principles, the Court found that Accor SA was entitled to a refund of €7.1 million in respect of the “précompte” dividend withholding tax for the years 2002, 2003 and 2004 together with interest of €3.3 million.

These amounts are recorded in the statement of financial position since June 30, 2014, as Accor SA appealed the decision before the Versailles Administrative Court of Appeal on July 23, 2014 and the ruling is therefore not final.

Note 30.3. Tax audit at Accor SA

A tax audit is currently in progress at Accor SA. On December 26, 2013, the tax authorities notified the Company of proposed adjustments to its 2010 and 2011 accounts. The proposal was timed to interrupt the statute of limitations that was due to expire for claims by the tax authorities on December 31, 2013 and December 31,2014. The tax authorities have not yet provided any indication of the financial consequences of the proposed adjustments for the tax group of which Accor SA is the filing entity, but the total risk including late interest is estimated at €29.5 million.

The tax authorities were challenging the independent valuation of the Accor Services brands that was used by Accor SA to calculate the taxable capital gain on the brands contributed at the time of the Group’s demerger in 2010. They have also queried the alleged waiver by Accor SA of income due by its wholly-owned Brazilian subsidiary, Hotelaria Accor Brasil S.A., which they say had corporate income tax and withholding tax implications. This represents a relatively minor risk.

Accor SA wrote to the tax authorities in February 2014 and December 2014 contesting the proposed adjustments, but has nevertheless recorded a contingency provision of €14.5 million in its 2014 financial statements. Following an appeal to the department head, on July 21, 2015 the tax authorities dropped the reassessment of the taxable capital gain on the brands contributed at the time of the Group’s demerger in 2010 but maintained the reassessment concerning the alleged waiver of income from its Brazilian subsidiary, Hotelaria Accor Brasil S.A. This led to a reduction in back taxes due as a result of the reassessments, from €29.5 million to €8.1 million (including late interest), of which €4.1 million was claimed by the tax authorities in December 2015 and recorded as an expense for the year. The contingency provision was therefore reduced from €14.5 million to €4 million at December 31, 2015. The Group intends to contest the proposed reassessment before the competent tax courts.

Note 30.4. Other claims and litigation

In the normal course of its business, the Group is exposed to claims, litigations and proceedings that may be in progress, pending or threatened. The Company believes that these claims, litigations and proceedings have not and will not give rise to any material costs at Group level and have not and will not have a material adverse effect on the Group's financial position, business and/or results of operations.

Note 31. Off-Balance Sheet Commitments

The tables below do not include the put options on portfolios of hotel properties granted by AccorHotels that are matched by put options for equivalent amounts received from the new hotel investment company in January 2016 (see Note 3).
The three portfolios concerned are as follows:

- 40 hotels that should ultimately be acquired by the new hotel investment company from Foncière des Murs for €227 million.
- 12 hotels that should ultimately be acquired by the new hotel investment company from Axa for €39 million.
- 5 hotels that should ultimately be acquired by the new hotel investment company from Invesco for €91 million.

Note 31.1. Off-Balance Sheets commitments given

Off-balance sheet commitments (which are not discounted except for lease commitments related to headquartes buildings) given at December 31, 2015 break down as follows:

In millions of euros		Less than 1 year	1 to 5 years	Beyond 5 years	December 31, 2015	December 31, 2014
Security interests given on assets	(1)	**33**	**115**	**24**	**171**	**74**
Purchase commitments	(2)	**183**	**20**	**-**	**203**	**69**
. Renovation commitment in Germany		9	3	-	12	17
. Renovation commitment in the United Kingdom	(3)	20	-	-	20	3
. Renovation commitment in France	(4)	10	69	0	79	3
. Renovation commitment in Australia	(5)	3	14	-	17	2
. Renovation commitment in Poland	(6)	12	-	-	12	2
. Other renovation commitments		2	-	1	3	28
Capex Commitments		**56**	**86**	**1**	**144**	**54**
Loan guarantees given	(7)	**15**	**100**	**133**	**248**	**63**
Commitments given in the normal course of business		**7**	**121**	**25**	**153**	**202**
Contingent liabilities		**-**	**4**	**-**	**4**	**4**
December 31, 2015		**295**	**446**	**182**	**924**	
Total December 31, 2014 Adjusted		**86**	**262**	**119**		**466**

(1) Security interests given on assets correspond to pledges and mortgages valued at the net book value of the underlying assets.

a. In connection with the bond issue carried out in Poland, assets worth €48 million have been mortgaged in favor of the bank. The amount of the mortgage corresponds to the carrying amount of two hotel properties, Warszawa Centrum Novotel and Warszawa Centrum Mercure.

b. In connection with the transfer by AccorHotels to Orbis of the management of its Central European operations, a facility agreement was signed with a bank. Drawdowns on this facility are secured by a €43 million mortgage. The amount of the mortgage corresponds to the carrying amount of two hotel properties, Warszawa Grand Mercure and Warsaw Victoria Sofitel.

c. Mortgages on the Bogota ibis and Medellin ibis in Colombia in the amount of €19 million were canceled following the sale of these two hotels during the period

d. The loan obtained from Société Générale to finance renovation of the Toulouse Centre Pullman and the Toulouse Parthénon Adagio is secured by various mortgages representing a total of €27 million.

(2) In connection with property development projects:

a. The Group has a €30 million commitment related to a leaseholder and property development contract for the construction of the ibis Canning Town

b. The €12 million worth of renovation work that the Group was committed to carrying out under the Moorfield contract (management and rebranding of 24 Mercure units in the United Kingdom) was completed during the year

c. Commitments given in connection with asset portfolio purchases:

- The Group's memorandum of understanding with Invesco includes a commitment to purchase the München City Novotel for €61 million

- The Group's memorandum of understanding with Foncière des Murs includes a commitment to purchase assets for €27 million

- AccorHotels' memorandum of understanding with the Axa Group includes a commitment to purchase €12-million worth of assets

d. The Group is committed to acquiring an 80% stake in Compagnie Hôtelière du Brésil, owner of two hotels in Rio de Janeiro, for €32 million

e. The Group is committed to acquiring two hotel properties in Germany — the Olympiapark Mercure and the München City ibis — for €29 million

(3) Commitments related to the construction of the Canary Wharf Novotel amount to €20 million.

(4) Commitments to carry out work in France mainly include:

a. A €36-million guarantee given to ADP for the construction of the Cœur d'Orly Novotel, Cœur d'Orly ibis and Cœur d'Orly ibis Budget.

b. A new €33-million guarantee given to SCI Tours and Orly covering payment of the sums due to property developer Bouygues Bâtiment for the construction of the Coeur d'Orly hotel complex.

(5) Commitments to carry out work on hotels owned by TAHL (an Australian property company) in Australia and New Zealand amount to €17 million

(6) AccorHotels has given commitments concerning the construction of several hotels and the rebranding of the Gdynia hotel, for €12 million

(7) For the first time at December 31, 2015, other guarantees that increase debt included rent guarantees for the headquarters buildings in the amount of €180 million (discounted at 7%).

The Group commits in most of the cases to spend a specified amount on hotel maintenance, generally expressed as a percentage of revenue. These commitments are not included in the above table due to the difficulty of estimating the amounts involved.

From time to time the Group may also issue performance guarantees to the owners of managed hotels. The guarantee may include a clawback clause applicable if the hotel's performance improves in subsequent years.

To the best of the Group's knowledge and in accordance with generally accepted accounting principles, no commitments given have been omitted from the above list.

Note 31.2. Off-balance sheet commitments received

Off-balance sheet commitments (not discounted) received at December 31, 2015 break down as follows:

In millions of euros		Less than 1 year	1 to 5 years	Beyond 5 years	December 31, 2015	December 31, 2014
Irrevocable commitments received for the purchase of intangible assets and property, plant and equipment		0	-	-	0	1
Irrevocable commitments received for the purchase of financial assets	(1)	-	-	18	18	19
Purchase commitments received		**0**	**-**	**18**	**19**	**20**
Sellers' warranties received		1	-	-	1	1
Other guarantees received in the normal course of business	(2)	18	15	25	58	62
Other commitments and guarantees received		**18**	**15**	**25**	**58**	**63**
December 31, 2015		**19**	**15**	**43**	**77**	
Total December 31, 2014 Adjusted		**17**	**12**	**54**		**83**

(1) In connection with irrevocable commitments received for the purchase of financial assets:

a. Under the ''Sale and Management Back'' transaction concerning the Sofitel The Grand in Amsterdam with Société Hôtelière Paris Les Halles (SHPH), AccorHotels has an option to sell its 40% interest in this hotel to SHPH for €14 million at December 31, 2015 in the event that SHPH decides not to renew the 25-year management agreement.

b. In connection with the Orféa joint venture with SNCF (set up to supply hotel services for the service apartments made available to SNCF employees), in the event of a disagreement between the partners:
- SNCF Participations would have the option of buying out AccorHotels' stake in Orféa (held through its Soparfi 1 subsidiary), in which case AccorHotels would be obliged to sell.
- If SNCF Participations decided not to exercise its call option, Soparfi 1 would have the option of selling its entire stake to SNCF Participations, which would be obliged to buy the shares.
- In both cases, the sale price would be equal to Soparfi 1's equity in Orféa's net assets plus its share of outstanding dividends.

(2) Other commitments received mainly include:

a. In connection with the Silverstone project, Stone is committed to making an earn-out payment of €15 million to AccorHotels if the Formule 1 hotels meet their business plan objectives in 2019. AccorHotels believes that the probability of the business plan objectives being met is remote and the commitment was therefore canceled in the financial statements at December 31, 2015.
b. In connection with the sale by Invesco of the Paris La Défense Pullman, the new owner - QFI Luxembourg - gave a commitment to finance €10 million worth of refurbishment and maintenance work described in the original lease. This guarantee will expire on May 30, 2022.
c. Under the terms of the memorandum of understanding with AccorHotels, Foncière des Murs is committed to financing and performing €10 million worth of construction work between June 30, 2016 and June 30, 2018 on hotel properties for which the leases have been renewed.

Purchase options under finance leases are not included in this table.

Note 32. Main consolidated companies at December 31, 2015

The main subsidiaries and associates represent 98% of consolidated revenue, 97% of EBITDAR and 88% of EBIT. The other subsidiaries and associates represent individually less than 0.07% of these aggregates.
To the best of the Group's knowledge, there are no material restrictions on the use and sale by AccorHotels of the assets of subsidiaries controlled by the Group.

IG : fully consolidated
MEE : accounted by the equity method
The percentages correspond to the Group's percentage interest

ACCOR SA

HOSPITALITY

France			
GOLFE D'AJACCIO	France	IG	100,00%
SOCIETE HOTELIERE DU FORUM	France	IG	100,00%
SOFITEL LUXURY HOTELS FRANCE	France	IG	100,00%
PRADOTEL	France	IG	100,00%
STE DU DOMAINE DE MARLIOZ ET EXTENSIONS	France	IG	100,00%
PARIS PORTE DE SAINT CLOUD	France	IG	100,00%
SHORET	France	IG	100,00%
VAROISE SHTCV	France	IG	100,00%
STE PORTE MONTREUIL	France	IG	99,96%
SIGEST 1	France	IG	100,00%
STE EXPLOITATION HOTEL MONEGASQUE (SEHM)	Monaco	IG	100,00%
GESTAL	France	IG	96,00%
ACADEMIE FRANCE	France	IG	100,00%
STE HOTELIERE PARIS EIFFEL SUFFREN	France	IG	75,00%
PARIS CLICHY	France	IG	100,00%
SH DEFENSE GRANDE ARCHE	France	IG	100,00%
EXHOTEL	France	IG	100,00%
SOGECA	France	IG	100,00%
SOCIETE HOTELIERE DE MONTPARNASSE (SHDM)	France	IG	100,00%
THALAMER	France	IG	100,00%
SOCIETE HOTELIERE D'EXPLOITATION ECONOMIQUE (HOTEXCO)	France	IG	100,00%
COMPAGNIE ETAP HOTEL ROISSY	France	IG	96,00%
STE HOT EXPLOITATION MARSEILLE	France	IG	100,00%
ECOTEL	France	IG	99,45%
SHNM	France	IG	100,00%
SOCIETE COMMERCIALE DES HOTELS ECONOMIQUES (SCHE)	France	IG	99,96%
SPARHE	France	IG	100,00%
SOCIETE D'ETUDE ET DE PROMOTION HOTELIERE INTERNATIONAL (SEPHI)	France	IG	100,00%
ACCOR REDEVANCES FRANCE	France	IG	100,00%

NCEE			
ACCOR HOSPITALITY GERMANY GMBH	Germany	IG	100,00%
BALHOTEL	Switzerland	IG	70,00%
ACCOR HOTELS ROMANIA	Romania	IG	52,69%
ACCOR - PANNONIA HOTELS ZRT	Hungary	IG	52,66%
ORBIS	Poland	IG	52,69%
SOCIETE D'EXPLOITATION HOTELIERE	Switzerland	IG	99,93%
RUSSIAN MANAGEMENT HOTEL COMPANY LLC	Russia	IG	100,00%
ACCOR HOTELS LUXEMBOURG	Luxembourg	IG	100,00%
ACCOR HOSPITALITY NEDERLAND N.V.	The Netherlands	IG	100,00%
ACCOR PANNONIA SLOVAKIA S.R.O	Slovakia	IG	52,66%
BERNE MESSE	Switzerland	IG	60,00%
KATERINSKA HOTEL JUR	Czech Republic	IG	52,69%
ACCOR HOTELBETRIEBS GMBH	Austria	IG	100,00%
ACCOR HOTELS BELGIUM	Belgium	IG	100,00%
ACCOR UK ECONOMY HOTELS LTD	United Kingdom	IG	100,00%

OTHER SERVICES

MAMA SHELTER	France	MEE	36,60%

Compagnie Internationale des Wagons Lits & du Tourisme (*) - Belgium

Treno (*)	Italy	Activité destinée à être cédée	99,77%

(*) These entities are not held directly by Accor SA

MMEA			
ACCOR AFRIQUE SUPPORT HS	Morocco	IG	100,00%
STE HOTELIERE DE L'AUTOROUTE (SHA)	Ivory Coast	IG	94,70%
CIE HOTELIERE PLATEAU ABIDJAN	Ivory Coast	IG	90,85%
STE HOTELIERE LA LAGUNE	Ivory Coast	IG	100,00%
STE HOTELIERE ATHENE CENTRE	Greece	IG	100,00%
UPSITE INVESTIMENTOS HOTELEIROS	Portugal	IG	100,00%
BELLE RIVIERE HOTEL (BRH)	Mauritius	IG	100,00%
HOTEL UNION PULLMAN	Senegal	IG	100,00%
SAUDI FRENCH COMPANY HOTEL MGT	Saudi Arabia	IG	99,99%
ACCOR GESTION MAROC	Morocco	IG	77,99%
TAMARIS TURIZM TRY	Turkey	IG	100,00%
EL GEZIRAH HOTELS TOURISM CY	Egypt	IG	65,71%
ACCOR HOTEL SAE	Egypt	IG	99,93%
SOCIETE ABIDJANAISE D'HOTELLERIE	Ivory Coast	IG	99,99%
PORTIS	Portugal	IG	100,00%
ACCOR HOSPITALITY ITALIA SRL	Italy	IG	100,00%
ACCOR HOTELES ESPAÑA S.A.	Spain	IG	100,00%
SOCIETE HOTELIERE BARACHOIS	Senegal	IG	90,58%

ASPAC			
MARARA	French Polynesia	IG	100,00%
SA MOTU	French Polynesia	IG	100,00%
ACCOR ASIA PACIFIC CORP.	Australia	IG	100,00%
AAPC INDIA HOTEL MANAGEMENT PRIVATE HS	India	IG	70,00%
AAPC PROPERTIES PTY LTD	Australia	IG	100,00%
SAFARI CLUB	French Polynesia	IG	100,00%

AMERIQUES			
HOTELARIA ACCOR BRASIL	Brazil	IG	100,00%
SOCIEDAD INMOBILIARIA Y DE HOTELES LARCOMAR (SIHLSA)	Peru	IG	100,00%
SOFITEL SUPPORT USA HI	United States of America	IG	100,00%
ACCOR HOSPITALITY ARG SA	Argentina	IG	100,00%
SOCIEDAD DE DESARROLLO DE HOTELES PERUANOS S.A (SDHP)	Peru	IG	100,00%
SI HOTELERA DE MEXICO JUR	Mexico	IG	100,00%
ACCOR BUSINESS AND LEISURE NORTH AMERICA	United States of America	IG	100,00%

Note 33. Related Party Transactions

For the purpose of applying IAS 24, the Group has identified the following related parties:

- All fully consolidated companies and all associated companies accounted for by the equity method;
- All members of the Executive Committee and the Board of Directors and the members of their direct families;
- All companies in which a member of the Executive Committee or the Board of Directors holds material voting rights;
- Companies that exercises significant influence over AccorHotels;
- Fully or proportionately consolidated companies by a company that exercise significant influence over AccorHotels.

✓ **Fully consolidated companies and all associated companies accounted for by the equity method.**

Relationships between the parent company and its subsidiaries, joint ventures and associates are presented in Note 32. Transactions between the parent company and its subsidiaries – which constitute related party transactions – are eliminated in consolidation and are therefore not disclosed in these notes. Transactions between the parent company and its joint ventures and associates were not material in 2014 and 2015.

✓ **Members of the Executive Committee and the Board of Directors**

Transactions with members of the Executive Committee and Board of Directors are disclosed in full in Note 34. Commitments towards members of the Executive Committee and the Board of Directors, and direct or indirect agreements with one or several Board members not entered into on arm's length terms in the normal course of business are described in the Auditors' special report on related party agreements included in the 2015 Registration Document.

✓ **Companies in which a member of the Executive Committee or the Board of Directors holds material voting rights.**

All transactions with companies in which a member of the Executive Committee or the Board of Directors holds material voting rights are conducted in the normal course of business on arm's length terms and are not material. Any agreements that did not fulfill this criterion would be discussed in the Statutory Auditors' special report on related-party agreements and commitments.

✓ **Companies that exercises significant influence over AccorHotels**

Colony Capital and Eurazeo, acting in concert, together exercise significant influence over AccorHotels through their shareholders' pact. Transactions between the parent company and Eurazeo and Colony Capital were not material in 2014 and 2015. However, AccorHotels has entered into exclusive negotiations with a hotel investment company controlled by Eurazeo for the sale of a portfolio of 85 hotels (see Note 3).
An agreement with a Colony Group company is discussed in the Statutory Auditors' special report on related-party agreements and commitments.

Note 34. Corporate Officer's Compensation

In millions of euros	2014		2015	
	Expenses	Balance sheet amount	Expenses	Balance sheet amount
Short-term benefits received	13	8	16	9
Post-employment benefits	1	10	3	17
Other long-term benefits	-	-	-	-
Compensation for loss of office	-	-	2	-
Share-based payments	2	-	4	-
Total compensation	**16**	**18**	**24**	**27**

Corporate officers are defined as members of the Executive Committee which had thirteen members at the end of December 31, 2015 (eleven members at the end of December 2014) and the Board of Directors.

The compensation data for corporate officers presented above includes all the different forms of compensation received by the members of the Executive Committee.

Members of the Board of Directors do not receive any compensation and receive only attendance fees. Attendance fees paid by the Group to the members of the Supervisory Board for 2014 amounted to €541,242.

Note 35. Fees Paid to the Auditors

The table below shows the total fees billed by the Auditors recognized in the income statements in 2015 and prior year.

In millions of euros	2014	2015
Statutory and contractual audit fees	(9)	(8)
Fees for audit-related services	(1)	(2)
Total fees billed by the Auditors	**(10)**	**(10)**

Note 36. Subsequent Events

EXCLUSIVE NEGOTIATIONS FOR THE SALE OF A PORTFOLIO OF 85 HOTELS IN EUROPE

On January 27, 2016, AccorHotels announced that it was in exclusive negotiations for the sale of a portfolio of 85 hotels in Europe to a new franchisee hotel operator that would be 30%-owned by the Group. See Note 3 for more details.

FINALIZATION OF THE STRATEGIC ALLIANCE BETWEEN ACCORHOTELS AND HUAZHU

On January 27, 2016, AccorHotels and Huazhu Hotels Group announced that they had finalized their strategic alliance in China. See Note 3 for more details.

HEDGE OF THE CURRENCY RISK ARISING ON THE ACQUISITION OF THE FAIRMONT, RAFFLES AND SWISSÔTEL BRANDS

In connection with the planned acquisition of the Fairmont, Raffles and Swissôtel brands in the first half of 2016, in January AccorHotels purchased financial instruments to hedge the risk of an unfavorable change in the euro/dollar exchange rate on the $840 million payable in cash. See Note 3 for more details about the acquisition.