



# ACCORHOTELS

Feel Welcome

## **Notice of Meeting** Combined Ordinary and Extraordinary Shareholders' Meeting

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Tuesday, July 12, 2016 at 9:00 a.m.

ACCORHOTELS

82, rue Henri Farman - 92130 Issy-les-Moulineaux

**AccorHotels** is a Group united by a shared **passion** for **hospitality** and driven by a shared promise to make everyone Feel Welcome.

Over **190,000 women and men** in nearly **3,900 AccorHotels** establishments look after thousands of guests every day in **92 countries**.

AccorHotels is the **world's leading hotel operator** and offers its customers, partners and employees:

- its dual expertise as a hotel operator and franchisor (HotelServices) and a hotel owner and investor (HotelInvest);
- a large portfolio of internationally renowned brands covering the full spectrum, with luxury (**Sofitel, Pullman, MGallery by Sofitel, Grand Mercure, The Sebel**), midscale (**Novotel, Mercure, Mama Shelter, adagio**) economy (**ibis, ibis Styles, ibis budget, adagio access and hotelF1**) establishments;
- a powerful marketplace and **loyalty program** Le Club AccorHotels;
- almost **half a century** of commitment to corporate citizenship and solidarity with the **PLANET 21** program.

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# How to participate IN THE SHAREHOLDERS' MEETING

The Shareholders' Meeting will be held at 9:00 a.m. on Tuesday, July 12, 2016 at the Company's headquarters at 82, rue Henri Farman - 92130 Issy-les-Moulineaux, France. Doors will open at 8:00 a.m.

## ACCORHOTELS' HEADQUARTERS ACCESS



## TO BE ELIGIBLE TO VOTE

Shareholders are eligible to vote at the Shareholders' Meeting provided that their shares have been recorded in their name in the Company's share register or in a securities account kept by an accredited bank or broker no later than the second business day preceding the date of the Meeting, which is the **record date**.

For the Combined Ordinary and Extraordinary Shareholders' Meeting on July 12, 2016, the record date will therefore be **12:00 a.m. CEST on Friday, July 8, 2016**.

## HOW TO VOTE

You may exercise your right to vote in any one of the following ways:

- **in person:** you can attend the Meeting in person by presenting your admittance card;
- **online:** you can vote online or give proxy online to the Chairman of the Meeting or to another person of your choice;

- **by post:** you can vote or give proxy to the Chairman of the Meeting or to another person of your choice by sending in the postal voting/proxy form.

Article R. 225-85 of France's Commercial Code stipulates that any shareholder who has already voted, requested an admittance card or a certificate of share ownership:

- may not subsequently choose to participate in a different way;
- may sell all or some of their shares.
  - **If all or some of the shares are sold before the second business day preceding the Meeting date, i.e., before 12:00 a.m. CEST on Friday, July 8, 2016,** the Company will cancel or modify the postal or online vote, the proxy, the admittance card or the certificate of share ownership. To this end, your bank or broker should notify Société Générale Securities Services of the sale and provide all necessary information.
  - **If all or some of the shares are sold after the second business day preceding the Meeting date, i.e., after 12:00 a.m. CEST on Friday, July 8, 2016,** you are not required to notify the Company of the sale, notwithstanding any agreement to the contrary.

## You plan to attend the Meeting in person

If you plan to attend the meeting in person, you must inform Société Générale Securities Services by requesting an admittance card.

- 1) If you hold **registered shares**, you will receive the proxy documents by post (or by e-mail if you have provided an e-mail address). You can then obtain your admittance card:
  - by logging onto [www.sharinbox.societegenerale.com](http://www.sharinbox.societegenerale.com) using the login details sent to you. Follow the steps on the screen and then print your admittance card; or
  - by returning the proxy form to Société Générale Securities Services, Service des Assemblées Générales, 32, rue du Champ-de-Tir, CS 30812, 44308 Nantes Cedex 3, France. Simply check **box A**, enter your name and address (or if your name and address are already printed, check that they are correct), date and sign the form.

If you have not received the card two days before the Shareholders' Meeting, you should call the Société Générale admittance card hotline on 0825 315 315 from France (€0.125 per minute plus VAT) or +33 2 51 85 59 82

from outside France (contact your local operator for tariff information). Lines are open from 8:30 a.m. to 6:00 p.m. CEST from Monday to Friday.

- 2) If you hold **bearer shares**:

- by logging onto the web portal of your bank or broker, with your usual user name and password, and connecting to the VOTACCESS site. Once you are on this site, follow the procedure shown on the screen to print your admittance card. (Note that this option is only available to holders of bearer shares whose bank or broker is a member of the VOTACCESS system.); or
- by sending the admittance card request to your bank or broker for onward transmission to Société Générale Securities Services.

If you hold bearer shares and you do not receive the card in time, you will nevertheless be granted admittance to the Meeting if you present the certificate of share ownership (*attestation de participation*) issued by your bank or broker in the two days preceding the Meeting.

## You do not plan to attend the meeting in person

There are several other ways of participating in the Meeting if you cannot attend in person:

### 1) TO VOTE OR GIVE PROXY ONLINE

#### To vote online:

Accor gives shareholders access to a dedicated online voting website ahead of the Shareholders' Meeting.

If you hold **registered shares**, you should log onto the secure [www.sharinbox.societegenerale.com](http://www.sharinbox.societegenerale.com) website using your usual login information. You should then select the Accor Shareholders' Meeting in your list of transactions in progress on the home page. Follow the instructions and then click on "Vote" in the voting rights section. You will then be redirected automatically to the voting website.

If you have lost or forgotten your login information, simply click on "Get your codes" on the login page.

If you hold **bearer shares**, you should log onto the web portal of your bank or broker, with your usual user name and password, to connect to the VOTACCESS site and vote. You simply click on the icon displayed on the line corresponding to your Accor shares. You will only be able to vote in this way if your bank or broker is a member of the VOTACCESS system.

The VOTACCESS website will be open from 9:00 a.m. on June 24, 2016 until 3:00 p.m. on July 11, 2016 (CEST). To avoid overloading the site, we recommend that you do not wait until the last day to vote.

#### To give proxy online to the Chairman of the Meeting or any other person of your choice:

In accordance with article R. 225-79 of France's Commercial Code, you may give proxy or withdraw a proxy electronically by logging onto the [www.sharinbox.societegenerale.com](http://www.sharinbox.societegenerale.com) website if you hold registered shares, or onto the website of your bank or broker if you hold bearer shares, with your usual username and password, in order to connect to the VOTACCESS site as described above.

If your bank or broker is not a member of the VOTACCESS system, you can give or withdraw proxy by sending an e-mail to [assembleegenerale2016@accor.com](mailto:assembleegenerale2016@accor.com). The e-mail should include your electronic signature obtained from a certification service provider in accordance with the applicable laws and regulations. You should provide your full name and address as well as the full name and address of the person to whom you are giving proxy (or from whom you are withdrawing proxy) as well as your full bank details and a scanned copy of the certificate of share ownership (*attestation de participation*) issued by your bank or broker.

To be valid, e-mail notifications of proxies given or withdrawn must be received, duly signed, at the above address by 3:00 p.m. on July 11, 2016 at the latest.

If you give proxy to the Chairman, he will vote in favor of all of the resolutions presented or supported by the Board of Directors and against all resolutions not supported by the Board.

### 2) TO VOTE OR GIVE PROXY BY POST

On the proxy form (see page 7), enter your full name and address (or if your name and address are already printed, check that they are correct), and date and sign the form.

- If you want to cast a postal vote, check the **"I vote by post"** 1 box and indicate your vote for each resolution. Note that if you cast a postal vote, you cannot subsequently change your mind and attend the Meeting in person or give proxy to vote on your behalf.
- If you want to give proxy to the Chairman of the Meeting to vote on your behalf, check the **"I hereby give my proxy to the Chairman of the Meeting"** 2 box. The Chairman will then vote on your behalf in favor of all of the resolutions presented or supported by the Board of Directors and against all resolutions not supported by the Board.
- If you want to give proxy to another person of your choice, check the **"I hereby appoint"** 3 box and indicate the name of the person to whom you are giving proxy to attend the Meeting and vote on your behalf.

If you hold **registered shares**, you will automatically receive the proxy/postal voting form. If you hold **bearer shares**, you can obtain a voting form by sending a written request to your bank or broker or directly to Société Générale Securities Services, Service des Assemblées, 32, rue du Champ-de-Tir, CS 30812, 44308 Nantes Cedex 3, France. Form requests will only be honored if Société Générale Securities Services receives them no later than six days before the Meeting date, i.e., by July 6, 2016.

To be taken into account, the proxy/postal voting form must be completed and sent (along with a copy of the certificate of share ownership [*attestation de participation*]), either *via* the bank or broker or directly, to the Company or to Société Générale Securities Services at the above address no later than three days before the Meeting date, i.e., by July 8, 2016.

To give proxy to a person of your choice (or withdraw a proxy), holders of registered shares should send the proxy form directly to Société Générale Securities Services and holders of bearer shares should send it to their bank or broker for onward transmission. To be taken into account, the proxy form must be received by Société Générale Securities Services at the above address no later than three days before the Meeting date, i.e., by July 8, 2016.

**You plan to attend the Meeting in person:** check the case A.

**You want to cast a postal vote:** check here, and follow the instructions.

**You want to give proxy to the Chairman of the Meeting:** check here.

**You want to give proxy to another person:** check here and indicate the name of attorney.

**IMPORTANT : Avant d'exercer votre choix, veuillez prendre connaissance des instructions situées au verso - Important : Before selecting please refer to instructions on reverse side**  
 Quelle que soit l'option choisie, noircir comme ceci ☐ la ou les cases correspondantes, dater et signer au bas du formulaire - Which ever option is used, shade box(es) like this ☐, date and sign at the bottom of the form.

**A.** ☐ Je désire assister à cette assemblée et demande une carte d'admission : dater et signer au bas du formulaire. / I wish to attend the shareholder's meeting and request an admission card : date and sign at the bottom of the form.  
**B.** ☐ J'utilise le formulaire de vote par correspondance ou par procuration ci-dessous, selon l'une des 3 possibilités offertes / I prefer to use the postal voting form or the proxy form as specified below

**ACCOR HOTELS**  
 Feel Welcome  
 ACCOR  
 Société Anonyme  
 au capital de 712 366 974 €  
 Siège social : 82, rue Henri Farman  
 92130 Issy-les-Moulineaux  
 602 036 444 RCS Nanterre

**ASSEMBLEE GENERALE MIXTE  
 DU 12 JUILLET 2016 à 9H00**  
 ACCORHOTELS - 82, rue Henri Farman  
 92130 Issy-les-Moulineaux

**COMBINED GENERAL MEETING  
 OF JULY 12, 2016 at 9 a.m.**  
 ACCORHOTELS - 82, rue Henri Farman  
 92130 Issy-les-Moulineaux

**CADRE RÉSERVÉ À LA SOCIÉTÉ - FOR COMPANY'S USE ONLY**

Identifiant - Account Vote simple  
Single vote

Nombre d'actions Nominatif  
Registered

Number of shares Porteur  
Bearer

Nombre de voix - Number of voting rights Vote double  
Double vote

**1 JE VOTE PAR CORRESPONDANCE / I VOTE BY POST**  
 Cf. au verso (2) - See reverse (2)

Je vote OUI à tous les projets de résolutions présentés ou agréés par le Conseil d'Administration ou le Directoire ou la Gérance, à l'EXCEPTION de ceux que je signale en noircissant comme ceci ☐ la case correspondante et pour lesquels je vote NON ou je m'abstiens.

I vote YES all the draft resolutions approved by the Board of Directors, EXCEPT those indicated by a shaded box - like this ☐, for which I vote NO or I abstain.

									Oui / Non/No Yes Abstain	Oui / Non/No Yes Abstain
1	2	3	4	5	6	7	8	9	A	F
10	11	12	13	14	15	16	17	18	B	G
19	20	21	22	23	24	25	26	27	C	H
28	29	30	31	32	33	34	35	36	D	J
37	38	39	40	41	42	43	44	45	E	K

Si des amendements ou des résolutions nouvelles étaient présentés en assemblée / In case amendments or new resolutions are proposed during the meeting  
 - Je donne pouvoir au Président de l'assemblée générale de voter en mon nom. / I appoint the Chairman of the general meeting to vote on my behalf.....  
 - Je m'abstiens (l'abstention équivaut à un vote contre). / I abstain from voting (is equivalent to vote NO).....  
 - Je donne procuration [cf. au verso renvoi (4)] à M. Mme ou Mlle, Raison Sociale pour voter en mon nom / I appoint [see reverse (4)] Mr, Mrs or Miss, Corporate Name to vote on my behalf.....

Pour être prise en considération, toute formule doit parvenir au plus tard :  
 In order to be considered, this completed form must be returned at the latest:

à la banque / to the bank      8 Juillet 2016 / July, 8th 2016

**2 JE DONNE POUVOIR AU PRÉSIDENT DE L'ASSEMBLÉE GÉNÉRALE**  
 Cf. au verso (3)

**I HEREBY GIVE MY PROXY TO THE CHAIRMAN OF THE GENERAL MEETING**  
 See reverse (3)

**ATTENTION :** s'il s'agit de titres au porteur, les présentes instructions ne seront valables que si elles sont directement retournées à votre banque.  
**CAUTION :** if it is about bearer securities, the present instructions will be valid only if they are directly returned to your bank.

Nom, prénom, adresse de l'actionnaire (si ces informations figurent déjà, les vérifier et les rectifier éventuellement). Cf au verso (1)  
 Surname, first name, address of the shareholder (if this information is already supplied, please verify and correct if necessary). See reverse (1)

**3 JE DONNE POUVOIR À :** Cf. au verso (4)

**I HEREBY APPOINT:** See reverse (4)

M. Mme ou Mlle, Raison Sociale / Mr, Mrs or Miss, Corporate Name

Adresse / Address

**In all cases, date and sign the form here.**

Date & Signature

**Write your name and address here or verify them if they are already printed.**

## QUESTIONS

You will be given the opportunity to ask questions during the Meeting, in the question and answer session just before the resolutions are put to the vote.

You may also submit written questions before the Meeting by sending them to the Chairman of the Board of Directors no later than Wednesday, July 6, 2016, either:

- by sending a registered letter with return receipt requested to the Chairman of the Board of Directors at AccorHotels - 82, rue Henri Farman - CS 20077 - 92445 Issy-les-Moulineaux, France; or
- by sending an e-mail to: assembleegenerale2016@accor.com.

In order to be considered, the questions must be accompanied by a certificate of share ownership.

## TEMPORARY TRANSFER OF SECURITIES

If you are temporarily holding a number of shares representing more than 0.5% of voting rights (as defined in article L. 225-126 of the French Commercial Code), you must inform the *Autorité des marchés financiers* (AMF) and the Company no later than the second business day prior to the Shareholders' Meeting, i.e., by 12:00 a.m. CEST on Friday, July 8, 2016, by sending an e-mail to [declarationpretsempreunrnts@amf-france.org](mailto:declarationpretsempreunrnts@amf-france.org) and [assembleegenerale2016@accor.com](mailto:assembleegenerale2016@accor.com).



# **Agenda**

## **OF THE SHAREHOLDERS' MEETING ON JULY 12, 2016**

1. Approval of the contribution of 1,718,134 FRHI shares to the Company, its valuation and consideration;
2. Increase of the Company's capital following the contribution of 1,718,134 FRHI shares to the Company;
3. Powers to carry out formalities.



# Report of the Board of Directors

## PRESENTING THE PROPOSED RESOLUTIONS TO BE SUBMITTED TO THE ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING ON JULY 12, 2016

Dear Shareholders,

The proposed resolutions are put forward as part of the acquisition (the “**Acquisition**”) of 100% of the share capital of FRHI, an exempted company limited by shares governed by the laws of the Cayman Islands and registered under number MC-237438 (“**FRHI**”). The FRHI shares will be acquired from a number of entities belonging to the Qatar Investment Authority (“**QIA**”), Kingdom Holding Company of Saudi Arabia (“**KHC**”) and Ontario Municipal Employees Retirement System (“**OMERS**”) groups (the “**Contributors**”).

FRHI is the parent company of a hotel group that operates hotels and residences under the Fairmont, Raffles and Swissôtel brands.

As part of the Acquisition, the Contributors will contribute a portion of their FRHI shares to the Company in consideration for the issue of new Accor shares representing around 16.5% of Accor’s share capital. To take account of the new ownership structure after the Contribution and in compliance with the shareholder agreements to be signed on the Acquisition date, under similar terms and conditions, between Accor and the QIA entities and between Accor and the KHC entity, resolutions will also be submitted to the Shareholders’ Meeting regarding changes to the membership of the Company’s Board of Directors.

The identity of these directors, whose appointment will be submitted to the Shareholders’ Meeting for approval, will be validated at a future Board of Directors’ meeting based on recommendations put forward by the Compensation, Appointments and Corporate Governance Committee, and will be disclosed in an additional Board of Directors’ report to be submitted to the Shareholders’ Meeting.

For the purposes of the Acquisition, a portion of which involves a private contribution to the Company of 1,718,134 FRHI shares owned by the Contributors, shareholders are invited in the **first resolution** to approve the contribution agreement signed between the Company and the Contributors (the “**Contribution Agreement**”) as well as the contribution (its valuation and consideration) provided for in the aforementioned Contribution Agreement and submitted for approval to the Shareholders’ Meeting.

As part of the Acquisition, the Contributors will contribute 1,718,134 FRHI shares to the Company in consideration for the issue of new shares representing around 16.5% of the Company’s share capital broken down as follows:

- QIA will contribute 881,280 class A FRHI shares to the Company for a total value of around €1,056,875,080.58;
- KHC will contribute 169,407 class A FRHI shares, 323,262 class C FRHI shares, and 323,262 class D FRHI shares to the Company, for a total value of around €590,833,320.94; and
- OMERS will contribute 20,923 class A FRHI shares to the Company for a total value of around €25,091,908.71.

Under the terms of the Contribution Agreement, the share contribution is valued at an aggregate amount of €1,672,800,310.24, representing €1,199.3 per class A FRHI share contributed or per pair of class C and class D shares contributed (one class A share being equal to one class C share plus one class D share).

Based on this valuation, the Contributors will receive as consideration for their contribution 46,700,000 new Accor shares broken down as follows:

- QIA will receive 29,505,060 new shares, representing around 10.5% of Accor’s share capital post-acquisition;
- KHC will receive 16,494,440 new shares, representing around 5.8% of Accor’s share capital post acquisition; and
- OMERS will receive 700,500 new shares.

Shareholders are also invited to note that the Contribution transaction is inseparable from the acquisition by the Company of the remainder of the shares comprising FRHI’s share capital, which must take place on the same day as the Contribution, in accordance with the terms of the share sale agreement between the Contributors and the Company, dated December 9, 2015.

Subject to approval of the first resolution by the Shareholders’ Meeting, the shareholders are also invited to note, as part of the **second resolution**, the fulfillment of the conditions precedent mentioned in article 3.1 of the Contribution Agreement and the subsequent capital increase.

Based on the valuation of the contribution at an aggregate amount of €1,672,800,310.24, representing €1,199.3 per class A FRHI share or per pair of class C and class D FRHI shares contributed, shareholders are invited to approve the issue of 46,700,000 new shares to the Contributors.

Consequently, as consideration for the Contribution of 1,718,134 FRHI shares by the Contributors, this issue will result in:

- an increase in the Company's share capital for a total par value of €140,100,000 through the issue of 46,700,000 new shares, each with a par value of €3 (three euros); and
- a share premium of €1,532,700,310.24 recorded in a specific liability account on the Company's statement of financial position to which all new and existing Accor shareholders will carry rights.

The new Company shares issued as consideration for the Contribution will carry dividend rights and will be subject to all the Company's bylaws from their date of issue and an application for admission for trading on the Euronext Paris regulated market will be lodged from their issue.

The Company's bylaws will be amended accordingly to update the number of shares making up the share capital and the corresponding amount of share capital.

The purpose of the last resolution is to authorize the bearer of an original, extract or copy of the minutes of this Meeting to carry out any and all filing and other formalities required by law.

For more information on the Company's operations, please refer to the 2015 Registration document or «Document E» filed with the Autorité des Marchés Financiers (AMF) on June 17, 2016.

# Proposed resolutions

## SUBMITTED TO THE SHAREHOLDERS' MEETING ON JULY 12, 2016

### EXTRAORDINARY MEETING

#### FIRST RESOLUTION

##### APPROVAL OF THE CONTRIBUTION OF 1,718,134 FRHI SHARES TO THE COMPANY, ITS VALUATION AND CONSIDERATION

The Extraordinary Meeting, having considered:

- the Board of Directors' report;
  - the "Document E" filed with the French financial markets authority (AMF);
  - the reports issued by Mr. Kling and Mr. Potdevin in their capacity as independent appraisers dated June 8, 2016. The independent appraisers were appointed by order of the President of the Paris Commercial Court on December 21, 2015;
  - the private contribution agreement signed on June 6, 2016 (the "**Contribution Agreement**"), under the terms of which the companies Lodge Investment Company ("**Lodge**"), Voyager Fund Enterprise I Ltd. ("**Voyager**"), Kingdom Hotels (Europe) LLC ("**Kingdom**") and FRH Investment Holdings Inc. ("**Omers**"), (together, the "**Contributors**") undertook to contribute 1,718,134 FRHI Holdings Limited ("**FRHI**") shares, of which 1,071,610 class A shares, 323,262 class C shares and 323,262 class D shares (the "**Contribution**"), subject to the approval of the said contribution and its valuation and consideration by this Meeting;
1. notes that the Contribution transaction is inseparable from the acquisition by the Company of the remainder of the shares comprising FRHI's share capital, which must take place on the same day as the Contribution, in accordance with the terms of a share sale agreement between the Contributors and the Company, dated December 9, 2015;
  2. approves, pursuant to article L. 225-147 of the French Commercial Code (*Code de commerce*), all of the terms and conditions of the Contribution Agreement and, accordingly, the Contribution, based on the following breakdown:
    - Lodge will contribute 323,331 class A shares to the Company,
    - Voyager will contribute 557,949 class A shares to the Company,
    - Kingdom will contribute 169,407 class A shares, 323,262 class C shares and 323,262 class D shares to the Company,
    - Omers will contribute 20,923 class A shares to the Company;

3. approves the valuation of the 1,718,134 FRHI shares contributed to the Company at an aggregate amount of €1,672,800,310.24, representing €1,199.3 per class A share, or per pair of class C and class D shares contributed;
4. approves the consideration for the Contribution, under the terms of which the Contributors will receive 46,700,000 new Company shares as soon as they are issued under the conditions provided for in the Contribution Agreement. This will break down as follows:
  - Lodge will receive 10,825,060 new shares,
  - Voyager will receive 18,680,000 new shares,
  - Kingdom will receive 16,494,440 new shares,
  - Omers will receive 700,500 new shares.

#### SECOND RESOLUTION

##### INCREASE OF THE COMPANY'S CAPITAL FOLLOWING THE CONTRIBUTION OF 1,718,134 FRHI SHARES TO THE COMPANY

Subject to the approval of the above resolution and in accordance with article L. 225-147 of the French Commercial Code, the Extraordinary Meeting:

1. notes the fulfillment of all the conditions precedent mentioned in article 3.1 of the Contribution Agreement and, accordingly, the completion of the Contribution, subject only to the approval of this resolution;
2. decides to increase the Company's capital and notes that the increase will be carried out for a total par value of €140,100,000 through the issue of 46,700,000 new shares, each with a par value of €3 (three euros), to the Contributors in consideration for the Contribution, as follows:
  - Lodge will receive 10,825,060 new Company shares,
  - Voyager will receive 18,680,000 new Company shares,
  - Kingdom will receive 16,494,440 new Company shares,
  - Omers will receive 700,500 new Company shares;

3. decides that, as a result, article 6 of the Company's bylaws, as in effect on the date of the Meeting, will now read as follows:  
"Article 6 – Issued Capital  
The issued capital amounts to €852,466,974. It is divided into 284,155,658 ordinary shares with a par value of €3 each, paid up in full.";
4. decides that the difference between the value of the Contribution, *i.e.*, €1,672,800,310.24, and the par value of the capital increase, *i.e.*, €140,100,000, represents a share premium of €1,532,700,310.24, which will be recorded in a specific liability account on the Company's statement of financial position;
5. decides that the Board of Directors will have full powers to enable it, at its sole discretion and if it deems appropriate, to deduct the fees, charges and taxes related to the Contribution, its completion and its consequences from the share premium and to deduct the amounts necessary to bring the legal reserve up to a tenth of the new capital. These powers may be delegated in accordance with the law;
6. decides that the new Company shares, issued in consideration for the Contribution, will carry dividend rights from the date of their issue, will rank *pari passu* with existing shares comprising the Company's capital, will have the same rights and will be subject to all the Company's bylaws, and an application for admission for trading on the Euronext Paris regulated market will be lodged from their issue;
7. authorizes, as necessary, the Chairman and CEO to prepare, negotiate and sign all contracts, undertakings, deeds, confirmations, additional documents or any other documents and to undertake all useful or necessary formalities for the completion of the Contribution and the capital increase approved by this resolution and particularly to request the admission of new shares issued for trading on the regulated Euronext Paris market and to carry out all useful or necessary formalities for the modification of the bylaws approved in this resolution.

## ORDINARY MEETING

### THIRD RESOLUTION

#### POWERS TO CARRY OUT FORMALITIES

The shareholders give full powers to the bearer of an original, extract or copy of the minutes of this Meeting to carry out any and all filing and other formalities required by law.

# Contribution Agreement

## BETWEEN ACCOR SA AND KINGDOM HOTELS (EUROPE) LLC, LODGE INVESTMENT COMPANY, VOYAGER FUND ENTERPRISE I LTD., FRH INVESTMENT HOLDINGS INC.

June 6, 2016

### This contribution agreement is entered into between:

1. Kingdom Hotels (Europe) LLC, an exempted company incorporated with limited liability under the Laws of Dubai (Dubai International Financial Centre) under number 2142, having its registered office located in the Dubai International Financial Centre, Unit 601, Level 6, Gate Precinct Building 3, PO Box 121223, Dubai, United Arab Emirates ("**Kingdom**");
2. Lodge Investment Company, an exempted company incorporated with limited liability under the Laws of the Cayman Islands under number 275668, having its registered office located at Intertrust Corporate Services (Cayman) Limited, 190 Elgin Avenue, George Town, Grand Cayman, KY1-9005, Cayman Islands ("**Lodge**");
3. Voyager Fund Enterprise I Ltd., an exempted company incorporated with limited liability under the Laws of the Cayman Islands under number 236791, having its registered office located at Intertrust Corporate Services (Cayman) Limited, 190 Elgin Avenue, George Town, Grand Cayman, KY1-9005, Cayman Islands ("**Voyager**");
4. FRH Investment Holdings Inc., a corporation incorporated under the Laws of Ontario under number 002115085, having its registered office located 1 University Avenue, Suite 400, Toronto, Ontario, M5J2P1, Canada ("**FRH**");  
FRH, Kingdom, Lodge and Voyager hereinafter collectively referred to as the "**Contributors**", and each, individually as a "**Contributor**",

and

5. Accor SA, a French *société anonyme* having its registered office located at Paris 82, rue Henri Farman, 92130 Issy-les-Moulineaux, registered with the Trade and Companies registry of Nanterre under number 602 036 444,  
Hereinafter referred to as the "**Beneficiary**" or "**Accor**".

The Contributors and the Beneficiary are hereinafter individually referred to as a "**Party**" and collectively as the "**Parties**".

### Whereas:

- A. The Contributors collectively own all of the issued and outstanding shares composing the share capital of FRHI Holdings Limited, a private company incorporated with limited liability under the laws of the Cayman Islands under number MC-237438 (the "**Company**"), the parent company of a hotel group operating under the Raffles, Fairmont and Swissôtel brands;
- B. By agreement dated December 9, 2015 entitled "Share Purchase and Contribution Agreement", the Parties and the Company have set out the terms and conditions under which all of the issued and outstanding shares of the Company would be transferred to Accor in consideration of a payment in cash and the delivery of new Accor shares (the "**SPCA**");
- C. The purpose of this agreement (the "**Contribution Agreement**") is to set out the terms and conditions of the contribution in kind of part of the Company's shares by the Contributors to Accor;
- D. Pursuant to the provisions of articles L. 225-147 *et seq.* of the French Commercial Code, Mr. Didier Kling (28, avenue Hoche - 75008 Paris) and Mr. Jacques Potdevin (7, rue Galilée - 75016 Paris) have been appointed as contribution appraisers by appointment order of the President of the Commercial Court of Paris on December 21, 2015. It is specified that, pursuant to the AMF recommendation n°2011-11, the mission of the contribution appraisers has been extended in order to encompass the assessment of the fairness of the exchange ratio.

### Now therefore, it is agreed as follows:

## 1. DESIGNATION OF THE CONTRIBUTION

Subject to the completion of the Conditions Precedent (as hereinafter defined), the Contributors contribute to Accor, which consents to it, with effect on the Effective Date, in consideration of the remuneration described in Article 2, 1,718,134 Company shares (the "**Contributed Shares**") in accordance with the allocation detailed in Schedule 1 (the "**Contribution**"), consisting of 1,071,610 class A Contributed Shares, 323,262 class C Contributed Shares and 323,262 class D Contributed Shares.

It is expressly specified that the Contribution constitutes a sole operation that shall be considered as an indivisible whole and covers all of the 1,718,134 Contributed Shares so that the Contribution cannot be effective if a lower number of Company shares is contributed under this Contribution Agreement.

The fair market value of the Contributed Shares has been valued at an aggregate amount of €1,672,800,310.24, which represents €1,199.25 for each class A Contributed Share or for each pair of class C and class D Contributed Shares (one class C Contributed Share plus one class D Contributed Share being equivalent to one class A Contributed Share).

## 2. REMUNERATION OF THE CONTRIBUTION

On the basis of the value of the Contribution, the Contribution is agreed upon and accepted in consideration of the issuance by Accor in favor of the Contributors, at the Effective Date, of a total number of 46,700,000 new shares with a nominal value of €3 each fully paid-up (the “**New Shares**”) by way of a share capital increase of Accor with a nominal amount of €140,100,000, representing – on an indicative basis – a parity of 33.48 Accor shares for one class A Contributed Share (or for one class C Contributed Share plus one class D Contributed Share).

The difference between the value of the Contribution and the value of the share capital increase of Accor shall constitute a contribution premium amounting to €1,532,700,310.24 to which the rights of Accor’s shareholders will relate and that shall be recorded as a liability on Accor’s balance sheet. It is specified that the contribution premium shall be allocated for any purpose as decided by Accor’s general meeting.

The New Shares shall be allocated among all of the Contributors in due proportion to the number of Contributed Shares each Contributor shall contribute in accordance with the figures set forth in Schedule 1, it being specified that one class C Contributed Share plus one class D Contributed Share is equivalent to one class A Contributed Share.

As from the Effective Date, the New Shares shall be assimilated to the existing shares of Accor and will be subject to all of Accor’s statutory provisions. Notwithstanding the foregoing, the New Shares will not be entitled to receive any dividend in respect of the financial year ended on December 31, 2015.

The Parties shall take the necessary steps for the New Shares to be registered in a securities account in the name of each of the Contributors as from their issuance. The New Shares shall be tradable as from their issuance and shall be subject to a request for listing on the Euronext Paris market so that they could be admitted for trading on the same quotation line as the existing shares (ISIN FR0000120404) as soon as practicable following their issuance.

## 3. COMPLETION OF THE CONTRIBUTION

### 3.1. Conditions precedent

The Contribution and the capital increase of Accor resulting therefrom are subject to the following conditions precedent (the “**Conditions Precedent**”):

- (i) the conditions precedent set forth in section 7 of the SPCA except for those set forth in sections 2.3(b)(i) (for the shares to be sold only), 2.3(c)(i), 2.3(d)(i), 2.3(d)(iii) and 2.3(d)(v) of the SPCA referred to in section 7 of the SPCA, provided that those conditions shall be in any case satisfied as of the Effective Date; and

- (ii) the delivery by Accor of a copy of the order to irrevocably and unconditionally transfer to the Sellers their prorata portion of the total purchase price for the acquisition by Accor of the rest of the shares constituting the share capital of the Company, as well as a statement from the sender bank confirming such irrevocable and unconditional payment orders have been validated by such bank and transferred to the SWIFT system, according to a template agreed between the Parties,

provided that the Parties shall remain bound by their obligations under the SPCA.

### 3.2. Effective Date

The Contribution and the capital increase of Accor resulting therefrom will be definitively completed as of the approval of the Resolution (as defined hereafter).

All the Conditions Precedent, except for the approval by the Shareholders’ Meeting of Accor of the resolution relating to the acknowledgment of the completion of the Contribution and of the capital increase of Accor resulting therefrom (the “**Resolution**”), shall be satisfied at the latest at the same time as the approval of the Resolution.

The completion date of the last Condition Precedent shall be referred to as the “**Effective Date**” for the purpose of the Contribution Agreement.

As of the Effective Date and as soon as practicable after the end of the Shareholders’ Meeting:

- (i) Accor shall deliver to the Contributors the copy of the minutes referred to in section 2.3(d)(v) of the SPCA and the certificates issued by its account holder referred to in section 2.3(d)(i) of the SPCA evidencing that each Contributor holds the portion of the Contributed Shares set forth in Schedule 1; and
- (ii) the Contributors shall deliver the Company’s register of members referred to in section 2.3(c)(i) of the SPCA evidencing that Accor holds the New Shares as set forth in Schedule 1.

In the event the Conditions Precedent have not been satisfied on October 31, 2016 at the latest, the Contributors and Accor are entitled to renounce to the Contribution in accordance with the provisions set forth in section 9.1 of the SPCA.

## 4. REPRESENTATIONS AND WARRANTIES

- 4.1.** Each Contributor declares and warrants to Accor that the following statements and warranties are accurate and will be accurate as of the Effective Date:
- (a)** such Contributor is a corporation or a limited liability company duly organized and validly existing and has all requisite power and authority to enter into the Contribution Agreement and to carry out its obligations under the Contribution Agreement; and
  - (b)** such Contributor is not subject to any liquidation proceedings, insolvency proceedings or equivalent, and no liquidator, trustee in bankruptcy or other insolvency receiver has been appointed.
- 4.2.** Accor declares and warrants to each Contributor that the hereinafter statements and warranties are accurate and will be accurate as of the Effective Date:
- (a)** Accor is a corporation duly organized and validly existing and has all requisite power and authority to enter into the Contribution Agreement and carry out its obligations under the Contribution Agreement; and
  - (b)** Accor is not subject to any liquidation proceedings, insolvency proceedings or equivalent, and no liquidator, trustee in bankruptcy or other insolvency receiver has been appointed.

## 5. CONTRIBUTION REGIME

The Contribution is subject to the legal regime of simple contributions in kind in accordance with article L. 225-147 of the French Commercial Code and other laws and regulations adopted pursuant thereto.

Subject to the satisfaction of the Conditions Precedent, the Contribution will be registered against the payment of a fixed registration duty sets forth in article 810 of the French General Tax Code.

## 6. MISCELLANEOUS PROVISIONS

### 6.1. Formalities

Accor will carry out within the legal deadlines all legal formalities required in relation to the Contribution.

All powers are delegated to the bearer of originals, copies or extracts of this Contribution Agreement in order to carry out all the necessary formalities and perform all declarations, notifications, presentations of documents, registrations, publications and other acts as required by the law or that may be necessary.

### 6.2. Notification

For the purposes of the execution of the Contribution Agreement and of any of its subsequent acts and for all notifications, the Parties shall comply with the provisions of section 11.3 of the SPCA.

### 6.3. Costs

The registration fees and any Transfer Taxes (as defined in the SPCA) arising from the Contribution Agreement shall be borne by Accor and each Party shall bear the costs incurred by it in connection with the preparation and execution of the Contribution Agreement and the costs of its own counsels in application of the provisions of the SPCA.

### 6.4. Interpretation

In case of conflict between the provisions of the SPCA and those of the Contribution Agreement, the provisions of the SPCA shall prevail, except for provisions set forth in article 3 of the present Contribution Agreement regarding the Conditions Precedent and the completion of the Contribution.

### 6.5. Applicable laws – jurisdiction

Any dispute or litigation arising in connection with the interpretation or implementation of the Contribution Agreement shall be governed by the provisions of section 11.9 of the SPCA subject to the compulsory provisions of French law applicable to the Contribution.



Paris, on June 6, 2016, in 5 originals.

**LODGE INVESTMENT COMPANY**

Represented by:

Title:

**KINGDOM HOTELS (EUROPE) LLC**

Represented by:

Title:

**VOYAGER FUND ENTERPRISE I LTD.**

Represented by:

Title:

**ACCOR SA**

Represented by:

Title:

**FRH INVESTMENT HOLDINGS INC.**

Represented by:

Title:

Signature page to Contribution Agreement

# Schedule 1

## ALLOCATION

Contributors	Contributed Shares	New Shares Received
<b>Kingdom</b>	815,931 shares (consisting of 169,407 class A shares, 323,262 class C shares and 323,262 class D shares)	16,494,440
<b>Lodge</b>	323,331 class A shares	10,825,060
<b>Voyager</b>	557,949 class A shares	18,680,000
<b>FRH</b>	20,923 class A shares	700,500
<b>TOTAL</b>	<b>1,718,134 SHARES</b> <b>(CONSISTING OF 1,071,610 CLASS A SHARES, 323,262 CLASS C SHARES</b> <b>AND 323,262 CLASS D SHARES)</b>	<b>46,700,000</b>

# Independent Appraisers' Report ON THE VALUE OF THE CONTRIBUTED ASSETS

By Order of the President of the Paris Commercial Court on December 21, 2015

*This is a free translation into English of the Independent Appraisers' report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional guidelines applicable in France.*

To the Shareholders,

In accordance with the terms of our appointment by Order of the President of the Paris Commercial Court on December 21, 2015 in connection with the contribution by:

- Lodge Investment Company and Voyager Fund Enterprise I Ltd., both controlled by Qatar Investment Authority (QIA);
  - Kingdom Hotels (Europe) LLC, controlled by Kingdom Holding Company of Saudi Arabia (KHC);
  - FRHI Investment Holdings Inc., controlled by Ontario Municipal Employees Retirement System (OMERS)
- (the "Contributors"),

to Accor SA of part of their respective interests in FRHI Holdings Limited ("FRHI"), we have prepared this report on the value of the shares (the "Contributed Assets"), in accordance with article L. 225-147 of the French Commercial Code. As recommended in the *Autorité des Marchés Financiers'* position paper no. 2011-11, we also performed an appraisal of the consideration for the Contributed Assets, which is presented in a separate report.

The terms of the Contribution are specified in the Contribution Agreement signed on June 6, 2016 by the representatives of the companies concerned.

Our responsibility is to inform shareholders of our conclusions about whether the value attributed to the Contributed Assets is overstated or not. We performed our procedures

in accordance with the professional guidelines applicable in France to this type of engagement. Those guidelines require that we perform procedures to obtain assurance that the value attributed to the Contributed Assets is not overstated and is at least equal to the sum of the par value of the shares to be issued by Accor SA and the related premium.

The engagement was not incompatible with our other professional obligations and we were not prohibited or disqualified from accepting it.

The issuance of this report is the final stage in our engagement and we have no obligation to update our report to take into account any facts or circumstances arising after the date of its signature.

Shareholders are invited to read our observations and conclusions presented in the report below, which is organized as follows:

- 1. Presentation of the transaction and description of the Contributed Assets**
- 2. Procedures and appraisal of the value of the contributed assets**
- 3. Executive summary**
- 4. Conclusion**

## 1. PRESENTATION OF THE TRANSACTION

The transaction results from the Contribution Agreement entered into between the Parties on June 6, 2016. It may be summarized as follows:

### 1.1. Purpose and objectives of the transaction

On December 9, 2015, Accor entered into an agreement with FRHI's shareholders to acquire the entire capital of FRHI, the parent company of the hotel group operating under the Fairmont, Raffles and Swissôtel brands.

Under the terms of this agreement, FRHI's shareholders:

- Kingdom Hotels (Europe) LLC, a limited liability company registered in Dubai (Dubai International Financial Centre) under no. 2142, whose registered office is at Dubai International Financial Centre, Precinct Building 3, P.O. Box 121223 Dubai, United Arab Emirates;
- Lodge Investment Company, a limited company registered in the Cayman Islands under no. 275668, whose registered office is at Intertrust Corporate Services (Cayman) Limited, 190 Elgin Avenue, George Town, Grand Cayman, KY1-9005, Cayman Islands;

- Voyager Fund Enterprise I Ltd., a limited company registered in the Cayman Islands under no. 236791, whose registered office is at Intertrust Corporate Services (Cayman) Limited, 190 Elgin Avenue, George Town, Grand Cayman, KY1-9005, Cayman Islands;

- FRHI Investment Holdings Inc., a corporation registered in Ontario, Canada under no. 002115085, whose registered office is at 1 University Avenue, Suite 400, Toronto, Ontario, M5J2P1, Canada

will contribute part of their respective interests in FRHI to Accor in exchange for 46.7 million Accor shares. At the same time as this contribution, the remainder of the shares comprising FRHI's share capital will be sold to Accor for US\$840 million, payable in cash.

This transaction will enable Accor to strategically enhance its brand portfolio and achieve a more balanced business profile. The integration of Raffles, Fairmont and Swissôtel will broaden Accor's geographic footprint and presence in the luxury segment.

With just over 500 luxury and upscale establishments and a development pipeline of 200 hotels, Accor would take its place among the key global players in this segment and would be able to offer even more profitable management contracts and better growth potential in many markets.

FRHI's teams would bolster the Accor group's expertise in the luxury segment and provide the group with new objectives, through targeted, value-added expansion.

The transaction is expected to generate 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 could also be made in terms of customer data, thanks to the integration of a customer base that includes 3 million loyalty program members, of which two-third are North Americans travelers.

## 1.2. Participating companies

### 1.2.1. FRHI HOLDINGS LIMITED, THE COMPANY WHOSE SHARES ARE BEING CONTRIBUTED

FRHI Holdings Limited is a limited company registered in the Cayman Islands under no. MC-237438. Its authorized capital comprises 3,000,000 Class A shares, 650,000 Class C shares, 650,000 Class D shares and 75,000 Class E shares, all with a par value of US\$0.0001.

As of the date of this report, its issued capital was made up of 1,557,916 Class A shares, 469,961 Class C shares and 469,961 Class D shares. One Class C share and one Class D share are together equivalent to one Class A share, such that, as of the date of this report, the issued capital comprised 2,027,877 Class A-equivalent shares.

FRHI's registered office is located at Maples Corporate Services, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

It is the parent company of a hotel group that does business under the Raffles, Fairmont and Swissôtel brands. Its corporate purpose is to conduct any and all hotel operations and any and all real estate, financial investment and holding company activities, in France and abroad.

### 1.2.2. ACCOR SA, THE RECIPIENT OF THE CONTRIBUTED ASSETS

Accor SA is a French *société anonyme* (joint stock company) administered by a Board of Directors with share capital of €712,366,974, represented by 237,455,658 shares, each with a par value of €3. Accor SA shares are listed on the Euronext Paris stock exchange (ISIN: FR0000120404) and traded in the USA on the OTC market (symbol: ACRFY).

Its registered office is located at 82, rue Henri Farman, 92130 Issy-les-Moulineaux and it is registered with the Nanterre Trade and Companies registry under no. 602 036 444.

Accor SA's corporate purpose is to engage in the following activities, in France and other countries, on its own behalf, or on behalf of third parties, or jointly with third parties:

- the ownership, financing and management, directly, indirectly, or under specified mandates, of hotels, restaurants and bars of any nature or category and, more generally, any establishment related to accommodation, food, tourism, leisure, and services;
- the economic, financial, and technical review of projects and, generally, all services related to the development, organization and management of the above-mentioned establishments, including all actions related to their construction or the provision of any related consulting services;
- the review and provision of services intended to facilitate the supply of meals to employees in companies, institutions and other organizations;
- the creation of any new company and the acquisition of interests by any method in any company operating in any business;
- all non-trading, commercial, industrial and financial transactions, involving both securities and property, related to the purposes of the Company and all similar or related purposes.

### 1.2.3. CAPITAL TIES BETWEEN THE COMPANIES AND COMMON DIRECTORS

As of the date of signature of the Contribution Agreement, the recipient of the Contributed Assets had no shareholdings or shareholders in common with either the company whose shares are being contributed or the Contributors.

## 1.3. General description of the transaction

The transaction process, which is described in detail in the Contribution Agreement signed on June 6, 2016, can be summarized as follows:

### LEGAL AND TAX REGIME

The Contribution is governed by the standard legal provisions in France concerning contributed assets as described in article L. 225-147 of the French Commercial Code and the related enabling legislation.

Provided that the conditions precedent are satisfied, the Contribution will be subject to the fixed registration duty provided for in article 810 of the French General Tax Code.

### EFFECTIVE DATE AND COMPLETION DATE

The Contribution will be effective as of the date when the last of the conditions precedent is satisfied. In the event the Conditions Precedent have not been satisfied on October 31, 2016 at the latest, the Contributors or Accor will be entitled to abandon the proposed Contribution in accordance with the Share Purchase and Contribution Agreement, the terms of which are presented in the "Document E" relating to the Contribution and include the payment to the Contributors of a total termination indemnity of US\$40 million.

## CONDITIONS PRECEDENT

Completion of the Contribution is subject to the conditions precedent presented in the "Document E" relating to this transaction. They include:

- recording by the AMF of a "Document E" relating to the Contribution as specified in article 212-34 of its General Regulation, within the timeframe set in paragraph 2 of said article;
- approval by Accor's ordinary meeting of the appointment of two directors recommended by the QIA Entities and of the director recommended by the KHC Entity;
- approval by Accor's extraordinary meeting of the Contribution, its valuation and the consideration arrangements;
- approval by Accor's extraordinary meeting of the completion of Accor's capital increase following the Contribution and of the effective completion of the Contribution;
- signature by the QIA Entities and the KHC Entity of a shareholders' agreement with Accor;

- prior completion of certain restructuring measures within the FRHI group and repayment of loans contracted with FRHI's current shareholders;
- signature of amendments to certain hotel management contracts entered into with the QIA Entities and the KHC Entity as owners of these hotels and of letters in which certain QIA, KHC and OMERS entities, as owners of the hotels, state that they agree to the transaction and to the change of control of FRHI and that they waive any rights in this regard;
- the delivery by Accor of a copy of the order to irrevocably and unconditionally transfer to the Contributors their prorata portion of the total purchase price for the acquisition by Accor of the rest of the shares constituting the share capital of FRHI, as well as a statement from the sender bank confirming such irrevocable and unconditional payment orders have been validated by such bank and transferred to the SWIFT system.

All conditions precedent will be met at the latest at the time Accor's shareholders vote to approve and place on record the effective completion of its capital increase following the Contribution and the effective completion of the Contribution.

## 1.4. Description and valuation of the Contributed Assets

### 1.4.1. DESCRIPTION OF THE CONTRIBUTED ASSETS

FRHI's shareholders will contribute 1,718,134 FRHI shares to Accor, including 1,071,610 Class A shares, 323,262 Class C shares and 323,262 Class D shares.

One Class C share plus one Class D share are together equivalent to one Class A share.

The Contribution Agreement entered into between the Parties on June 6, 2016 stipulates that the number and class of FRHI shares contributed to Accor by each shareholder will be as follows:

Class of shares	Kingdom Hotels (Europe) LLC	Lodge Investment Company	Voyager Fund Enterprise I Ltd.	FRH Investment Holdings Inc.
Class A	169,407	323,331	557,949	20,923
Class C	323,262			
Class D	323,262			

The contributed shares have been valued at their fair value agreed between the Parties, representing a total of €1,672,800,310.24 or €1,199.25 per contributed Class A share or per contributed Class C share plus Class D share.

This value was compared by the Parties to the values obtained using a multi-criteria approach.

### 1.4.2. CONSIDERATION FOR THE CONTRIBUTION

Under the terms of the Contribution Agreement signed on June 6, 2016, Accor will issue 46,700,000 new shares with a par value of €3 each as consideration for the Contributed Assets, to be allocated to the Contributors in due proportion to their respective contributions.

The aggregate par value of the shares issued by Accor as consideration for the Contributed Assets will be €140,100,000.

The premium of €1,532,700,310.24 corresponding to the difference between the value of the Contributed Assets

(€1,672,800,310.24) and the aggregate par value of the shares issued by Accor, will be credited to additional paid-in capital in the Company's statement of financial position to which all new and existing Accor shareholders will have rights.

The premium may be freely appropriated by decision of the general meeting of Accor shareholders.

Following completion of the Contribution, Accor's share capital will amount to €852,466,974, represented by 284,155,658 shares with a par value of €3 each, all fully paid and all in the same class.

The shares will carry dividend rights as from the date of their issuance, will rank *pari passu* with the existing shares comprising Accor's share capital, will carry the same rights and privileges and will be subject to all of the provisions set out in Accor's bylaws, with the exception of the rights to the 2015 dividend.

Our procedures on the consideration for the Contributed Assets are described in a separate report dated June 8, 2016.

## 2. PROCEDURES AND APPRAISAL OF THE CONTRIBUTED ASSETS

### 2.1. Procedures performed by the Independent Appraisers of Capital Contributions

Our engagement corresponded to one of the “other audit engagements” defined by law and provided for in the conceptual framework underpinning the professional guidelines applicable in France.

Its purpose was to provide assurance to Accor shareholders that the value attributed to the Contributed Assets is not overstated.

Consequently, we did not perform a full audit or a limited review of financial and accounting information, nor did we perform any procedures to validate the transaction's tax treatment. Our engagement did not consist of a due diligence investigation such as would be performed on behalf of a lender or buyer and did not include all of the procedures that would be required for that type of engagement. Our report cannot therefore be used in connection with any due diligence process.

Our opinion is expressed as of the date of this report, the issuance of which represents the final stage in our engagement. Our responsibility does not include reviewing any events that may occur between the date of our report and the Shareholders' Meetings called to approve the contributions of FRHI shares.

In accordance with the terms of our appointment, we performed the procedures that we considered necessary under the professional guidelines applicable in France to this type of engagement, in order to:

- verify the existence of and title to the Contributed Assets and assess the possible impact of any factors that could affect title thereto;
- assess the value attributed to the Contributed Assets in the Contribution Agreement;
- obtain assurance that the aggregate fair value of the Contributed Assets is at least equal to the value attributed to them in the Contribution Agreement;
- obtain assurance that no facts or events that might adversely affect the value attributed to the Contributed Assets arose or occurred in the period to the date of this report.

Our procedures included:

- interviewing the persons responsible for the transaction and their advisors, in order to understand the context and the financial, accounting, legal and tax environment in which the transaction is taking place;

- interviewing the members of Accor S.A. and FRHI management and reviewing the documents made available to the buyer in the transaction data room;
- reviewing the draft Contribution Agreement and its appendices;
- reviewing FRHI's consolidated financial statements for the six months ended June 30, 2015 and the year ended December 31, 2015, as well as the pro forma financial statements for the year ended December 31, 2015 which reflect the measures provided for in the Share Purchase and Contribution Agreement dated December 9, 2015;
- obtaining and reviewing the business plan prepared by FRHI management, as well as the revised business plan prepared by Accor which includes the effect of the expected synergies;
- reviewing the FRHI valuation report prepared by Accor and its advisors;
- reading the Canadian CPA's audit reports on the various financial statements of FRHI that we reviewed, which all include clean opinions;
- obtaining and reviewing the due diligence reports prepared by Accor's various advisors covering the legal, accounting and tax aspects of the transaction and employee-related risks;
- analyzing developments in the hospitality industry and the industry outlook, based on our databases and recent analyst research reports;
- assessing whether the criteria and methods used to value the FRHI shares were appropriate;
- implementing alternative methods and analyzing the sensitivity of the resulting values to changes in relevant parameters, in order to obtain assurance that the value attributed to the Contributed Assets by the Parties was not overstated;
- obtaining representation letters from the management of FRHI and Accor confirming *inter alia* the absence of any events or facts that could adversely affect the value attributed to the Contributed Assets.

The representations made and warranties given by the Contributors and FRHI to Accor must be reiterated and a statement issued to the effect that no events have occurred that would have a material adverse effect on FRHI, no later than the date of the meeting of Accor shareholders called to approve and place on record the effective completion of its capital increase following the Contribution and the effective completion of the Contribution.

### 2.2. Appraisal of the Contributed Assets

#### 2.2.1. BACKGROUND AND CHOICE OF VALUATION METHOD

The transaction consists of the contribution of FRHI shares to Accor. It is the main component of a larger transaction involving the contribution and sale of all of the shares making up FRHI's issued capital.

It does not represent a common control transaction as defined in French accounting standards (ANC Rule 2014-03, section VII – Recognition and measurement of mergers and similar transactions) and the Parties have therefore agreed to value the shares at their fair value.

We have no comments on this choice of valuation basis which complies with the applicable accounting rules.

## 2.2.2. APPRAISAL OF THE CONTRIBUTED ASSETS

The 1,718,134 FRHI shares to be contributed to Accor have been valued at their fair value of €1,672,800,310.24, representing €1,199.25 per contributed Class A share or per contributed Class C share plus Class D share (with one Class C share and one Class D share being together equivalent to one Class A share).

Since all of the Contributed Assets are the same or equivalent, our procedures were limited to analyzing the aggregate value of the contribution.

The valuation methods are presented in detail in the "Document E" related to the transaction prepared by the Parties and submitted to the AMF, for approval, which is currently pending.

Our procedures on the valuation are described in our report on the consideration for the Contributed Assets dated June 8, 2016.

To assess the aggregate value attributed to the Contributed Assets, we used the results of the work performed during our engagement as independent appraisers of capital contributions as extended in accordance with the recommendation of the AMF to include an assessment of the fairness of the exchange ratio used to determine the consideration for the Contributed Assets.

In particular, we:

- reviewed the valuation approaches used by the Parties to determine the fair value attributed to the FRHI shares and obtained assurance that they did not result in said value being materially under- or overstated; and
- applied alternative or complementary methods which are described in detail, together with the results, in our report on the consideration for the Contributed Assets.

In substance, FRHI was valued by the Parties using a multi-criteria approach, which included the discounted cash flows method, the sum-of-the-parts method and the comparable transaction multiples method.

The discounted cash flows and sum-of-the-parts methods represent commonly applied methods that are appropriate in light of FRHI's business, size and financial position.

We noted, however, that very few transactions involving companies with similar characteristics to those of FRHI were carried out in the recent past. We therefore consider that this method is not particularly appropriate.

We also applied the comparable market multiples method, in addition to the methods used by the Parties.

We tested the sensitivity of the resulting values to changes in the discount rate and growth rate, using criteria that we considered appropriate. We have no particular comments arising from this analysis.

The valuations are based on projections which, by definition, are uncertain. Actual results may differ from these projections, in some cases to a significant extent. If the business targets set on the basis of these projections failed to be met, the aggregate value of the FRHI shares could be adversely affected.

We obtained assurance that the projections were based on substantiated evidence such as signed agreements and synergies to be unleashed during the projection period, and on recent research reports published by analysts covering the industry and the company that confirm the underlying assumptions and limit the uncertainty concerning the achievement of management's projections.

The expected synergies from the business combination were examined in detail – covering both the qualitative impact and the impact on revenues and earnings – by the operations teams based, in particular, on Accor's experience and industry research reports.

The results of our procedures support the value attributed to the Contributed Assets by the Parties, *i.e.*, €1,199.25 per contributed Class A share or per contributed Class C share plus Class D share, which is within the range of values determined by the methods that we applied.

Method	Value per FRHI share (€)
Discounted cash flows method	1,190 – 1,567
Sum-of-the-parts method	1,310 – 1,375
Market comparables method	1,388 – 1,575

Exchange rate used: US\$0.9034 = €1 (source: Bloomberg, three-month average at April 21, 2016).

## 3. EXECUTIVE SUMMARY

Based on our procedures, we consider that the aggregate value of €1,672,800,310.24 attributed to the Contributed Assets in the Contribution Agreement signed by the Parties on June 6, 2016 is consistent with the range values of FRHI Holdings Limited obtained by the methods described above.

The attention of shareholders is drawn to the following matters identified during the procedures described in this report and our report on the consideration for the Contributed Assets dated June 8, 2016:

- The valuations are based on projections in an area exposed to economic and political developments in each country where FRHI has hotel operations and in the tourism industry as a whole.

- We consider that the assumptions and projections are consistent with our analyses of developments in the hospitality industry and the industry outlook, based on our databases and recent analyst research reports.

These observations do not affect our appraisal but are an integral part thereof.

Consequently, we do not have any other observations concerning the aggregate value attributed to the Contributed Assets.



## 4. CONCLUSION

On the basis of our work and at the date of this report, we consider that the value of the shares contributed, set at **€1,672,800,310.24**, is not overstated and consequently, that

it is at least equal to the amount of the capital increase of the company to which the shares will be contributed, plus the contribution premium.

Paris, June 8, 2016

The Independent Appraisers of Capital Contributions  
(*Commissaires aux Apports*)

Jacques Potdevin

Didier Kling

Statutory Auditors

Members of the Compagnie Régionale de Paris

# Independent Appraisers' Report ON THE CONSIDERATION FOR THE CONTRIBUTED ASSETS

Order of the President of the Paris Commercial Court on December 21, 2015

*This is a free translation into English of the Independent Appraisers' report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional guidelines applicable in France.*

To the Shareholders,

In accordance with the terms of our appointment by Order of the President of the Paris Commercial Court on December 21, 2015 in connection with the contribution by:

- Lodge Investment Company and Voyager Fund Enterprise I Ltd., both controlled by Qatar Investment Authority (QIA);
- Kingdom Hotels (Europe) LLC, controlled by Kingdom Holding Company of Saudi Arabia (KHC);
- FRHI Investment Holdings Inc., controlled by Ontario Municipal Employees Retirement System (OMERS)

(the "Contributors"),

to Accor SA of part of their respective interests in FRHI Holdings Limited ("FRHI"), we have prepared this report on the consideration to be paid in exchange for the shares (the "Contributed Assets"), in accordance with recommendation 2011-11 dated July 21, 2011 of the *Autorité des Marchés Financiers*. We have issued a separate report on our appraisal of the value of the Contributed Assets.

The consideration for the Contributed Assets has been determined based on the exchange ratio specified in the Contribution Agreement signed on June 6, 2016 by the representatives of the companies concerned.

Our responsibility is to express an opinion on the fairness of this exchange ratio. We performed our procedures in

accordance with the professional guidelines applicable in France to this type of engagement. Those guidelines require that we perform procedures to obtain assurance that the relative values attributed to the shares held by the participating companies are appropriate and to assess the exchange ratio in relation to said appropriate relative values.

The engagement was not incompatible with our other professional obligations and we were not prohibited or disqualified from accepting it.

The issuance of this report is the final stage in our engagement and we have no obligation to update our report to take into account any facts or circumstances arising after the date of its signature.

Shareholders are invited to read our observations and conclusions presented in the report below, which is organized as follows:

- 1. Presentation of the transaction**
- 2. Procedures to obtain assurance that the relative values attributed to the assets contributed by the participating companies are appropriate**
- 3. Assessment of the fairness of the proposed exchange ratio**
- 4. Conclusion**

## 1. PRESENTATION OF THE TRANSACTION

The transaction results from the Contribution Agreement entered into between the Parties on June 6, 2016. It may be summarized as follows:

### 1.1. Purpose and objectives of the transaction

On December 9, 2015, Accor entered into an agreement with the shareholders of FRHI to acquire the entire capital of FRHI, the parent company of the hotel group operating under the Fairmont, Raffles and Swissôtel brands.

Under the terms of this agreement, FRHI's shareholders:

- Kingdom Hotels (Europe) LLC, a limited liability company registered in Dubai (Dubai International Financial Centre) under no. 2142, whose registered office is at Dubai International Financial Centre, Precinct Building 3, P.O. Box 121223 Dubai, United Arab Emirates;
- Lodge Investment Company, a limited company registered in the Cayman Islands under no. 275668, whose registered office is at Intertrust Corporate Services (Cayman) Limited, 190 Elgin Avenue, George Town, Grand Cayman, KY1-9005, Cayman Islands;

- Voyager Fund Enterprise I Ltd., a limited company registered in the Cayman Islands under no. 236791, whose registered office is at Intertrust Corporate Services (Cayman) Limited, 190 Elgin Avenue, George Town, Grand Cayman, KY1-9005, Cayman Islands;
- FRH Investment Holdings Inc., a corporation registered in Ontario, Canada under no. 002115085, whose registered office is at 1 University Avenue, Suite 400, Toronto, Ontario, M5J2P1, Canada,

will contribute part of their respective interests in FRHI to Accor in exchange for 46.7 million Accor shares. At the same time as this contribution, the remainder of the shares comprising FRHI's share capital will be sold to Accor for US\$840 million, payable in cash.

This transaction will enable Accor (also referred to as "AccorHotels") to strategically enhance its brand portfolio and achieve a more balanced business profile. The integration of Raffles, Fairmont and Swissôtel will broaden Accor's geographic footprint and presence in the luxury segment.

With just over 500 luxury and upscale establishments and a development pipeline of 200 hotels, Accor would take its place among the key global players in this segment and would be able to offer even more profitable management contracts and better growth potential in many markets.

FRHI's teams would bolster the Accor group's expertise in the luxury segment and provide it with new objectives, through targeted, value-added expansion.

The transaction is expected to generate 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 could also be made in terms of customer data, thanks to the integration of a customer base that includes 3 million loyalty program members, of which two-third are North Americans travelers.

## 1.2. Participating companies

### 1.2.1. FRHI HOLDINGS LIMITED, THE COMPANY WHOSE SHARES ARE BEING CONTRIBUTED

FRHI HOLDINGS LIMITED is a limited company registered in the Cayman Islands under no. MC-237438. Its authorized capital comprises 3,000,000 Class A shares, 650,000 Class C shares, 650,000 Class D shares and 75,000 Class E shares, all with a par value of US\$0.0001.

As of the date of this report, its issued capital was made up of 1,557,916 Class A shares, 469,961 Class C shares and 469,961 Class D shares. One Class C share and one Class D share are together equivalent to one Class A share, such that, as of the date of this report, the issued capital comprised 2,027,877 Class A-equivalent shares.

FRHI's registered office is located at Maples Corporate Services, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

It is the parent company of a hotel group that does business under the Raffles, Fairmont and Swissôtel brands. Its corporate purpose is to conduct any and all hotel operations and any and all real estate, financial investment and holding company activities, in France and abroad.

Accor SA's corporate purpose is to engage in the following activities, in France and other countries, on its own behalf, or on behalf of third parties, or jointly with third parties:

- the ownership, financing and management, directly, indirectly, or under specified mandates, of hotels, restaurants and bars of any nature or category and, more generally, any establishment related to accommodation, food, tourism, leisure, and services;
- the economic, financial, and technical review of projects and, generally, all services related to the development, organization and management of the above-mentioned establishments, including all actions related to their construction or the provision of any related consulting services;
- the review and provision of services intended to facilitate the supply of meals to employees in companies, institutions and other organizations;
- the creation of any new company and the acquisition of interests by any method in any company operating in any business;
- all non-trading, commercial, industrial and financial transactions, involving both securities and property, related to the purposes of the company and all similar or related purposes in France and abroad.

### 1.2.2. ACCOR SA, THE RECIPIENT OF THE CONTRIBUTED ASSETS

Accor is a French *société anonyme* (joint stock company) administered by a Board of Directors with share capital of €712,366,974, represented by 237,455,658 shares, each with a par value of €3. Accor SA shares are listed on the Euronext Paris stock exchange (ISIN: FR0000120404) and traded in the USA on the OTC market (symbol: ACRFY).

Its registered office is located at 82, rue Henri Farman, 92130 Issy-les-Moulineaux and it is registered with the Nanterre Trade and Companies registry under no. 602 036 444.

### 1.2.3. CAPITAL TIES BETWEEN THE COMPANIES AND COMMON DIRECTORS

As of the date of signature of the Contribution Agreement, the recipient of the Contributed Assets had no shareholdings or shareholders in common with either the company whose shares are being contributed or the Contributors.

## 1.3. General description of the transaction

The transaction process, which is described in detail in the Contribution Agreement signed on June 6, 2016, can be summarized as follows:

### LEGAL AND TAX REGIME

The Contribution is governed by the standard legal provisions in France concerning contributed assets as described in article L. 225-147 of the French Commercial Code and the related enabling legislation.

Provided that the conditions precedent are satisfied, the Contribution will be subject to the fixed registration duty provided for in article 810 of the French General Tax Code.

## EFFECTIVE DATE AND COMPLETION DATE

The Contribution will be effective as of the date when the last of the conditions precedent is satisfied. In the event the Conditions Precedent have not been satisfied on October 31, 2016 at the latest, the Contributors or Accor will be entitled to abandon the proposed Contribution in accordance with the Share Purchase and Contribution Agreement, the terms of which are presented in the "Document E" relating to the Contribution and include the payment to the Contributors of a total termination indemnity of US\$40 million.

## CONDITIONS PRECEDENT

Completion of the Contribution is subject to the conditions precedent presented in the "Document E" relating to this transaction. They include:

- recording by the AMF of a "Document E" relating to the Contribution as specified in article 212-34 of its General Regulation, within the timeframe set in paragraph 2 of said article;
- approval by Accor's ordinary meeting of the appointment of two directors recommended by the QIA Entities and of the director recommended by the KHC Entity;
- approval by Accor's extraordinary meeting of the Contribution, its valuation and the consideration arrangements;

- approval by Accor's extraordinary meeting of the completion of Accor's capital increase following the Contribution and of the effective completion of the Contribution;
- signature by the QIA Entities and the KHC Entity of a shareholders' agreement with Accor;
- prior completion of certain restructuring measures within the FRHI group and repayment of loans contracted with FRHI's current shareholders;
- signature of amendments to certain hotel management contracts entered into with the QIA Entities and the KHC Entity as owners of these hotels and of letters in which certain QIA, KHC and OMERS entities, as owners of the hotels, state that they agree to the transaction and to the change of control of FRHI and that they waive any rights in this regard;
- the delivery by Accor of a copy of the order to irrevocably and unconditionally transfer to the Contributors their prorata portion of the total purchase price for the acquisition by Accor of the rest of the shares constituting the share capital of FRHI, as well as a statement from the sender bank confirming such irrevocable and unconditional payment orders have been validated by such bank and transferred to the SWIFT system.

All conditions precedent will be met at the latest at the time Accor's shareholders vote to approve and place on record the effective completion of its capital increase following the Contribution and the effective completion of the Contribution.

# 1.4. Description and valuation of the Contributed Assets

## 1.4.1. DESCRIPTION OF THE CONTRIBUTED ASSETS

FRHI's shareholders will contribute 1,718,134 FRHI shares to Accor, including 1,071,610 Class A shares, 323,262 Class C shares and 323,262 Class D shares.

One Class C share plus one Class D share are together equivalent to one Class A share.

The Contribution Agreement entered into between the Parties on June 6, 2016 stipulates that the number and class of FRHI shares contributed to Accor by each shareholder will be as follows:

Class of shares	Kingdom Hotels (Europe) LLC	Lodge Investment Company	Voyager Fund Enterprise I Ltd.	FRH Investment Holdings Inc.
Class A	169,407	323,331	557,949	20,923
Class C	323,262			
Class D	323,262			

The contributed shares have been valued at their fair value agreed between the Parties, representing a total of €1,672,800,310.24 or €1,199.25 per contributed Class A share or per contributed Class C share plus Class D share.

This value was compared by the Parties to the values obtained using a multi-criteria approach.

## 1.4.2. CONSIDERATION FOR THE CONTRIBUTION

Under the terms of the Contribution Agreement signed on June 6, 2016, Accor will issue 46,700,000 new shares with a par value of €3 each as consideration for the Contributed Assets, to be allocated to the Contributors in due proportion to their respective contributions.

The aggregate par value of the shares issued by Accor as consideration for the Contributed Assets will be €140,100,000.

The premium of €1,532,700,310.24 corresponding to the difference between the value of the Contributed Assets (€1,672,800,310.24) and the aggregate par value of the shares issued by Accor, will be credited to additional paid-in capital in the Company's statement of financial position to which all new and existing Accor shareholders will have rights.

The premium may be freely appropriated by decision of the general meeting of Accor shareholders.

Following completion of the Contribution, Accor's share capital will amount to €852,466,974, represented by 284,155,658 shares with a par value of €3 each, all fully paid and all in the same class.

The shares will carry dividend and voting rights as from the date of their issuance, will rank *pari passu* with the existing shares comprising Accor's share capital, will carry the same rights and privileges and will be subject to all of the provisions set out in Accor's bylaws, with the exception of rights to the 2015 dividend.

## 2. PROCEDURES TO OBTAIN ASSURANCE THAT THE RELATIVE VALUES ATTRIBUTED TO THE ASSETS CONTRIBUTED BY THE PARTICIPATING COMPANIES ARE APPROPRIATE

### 2.1. Exchange ratio used by the Parties to the transaction

Under the terms of the Contribution Agreement signed on June 6, 2016 and in accordance with the Share Purchase and Contribution Agreement entered into between the Parties on December 9, 2015, the number of FRHI shares to be contributed to Accor in exchange for 46,700,000 Accor shares to be issued to the Contributors was determined by the Parties based on the respective fair values of FRHI and Accor shares, as estimated using a multi-criteria approach.

The fair values of FRHI and Accor shares were compared using several approaches, which are presented in detail in the "Document E" prepared by the Parties for submission to the AMF:

As a first step, the following valuation methods were applied consistently to both companies:

- the principal method consisted in comparing the relative values of FRHI and Accor as determined by the discounted cash flows method;

- and a sum-of-the-parts valuation based on comparable market multiples.

The Accor share price was then compared to the value attributed by the Parties to the contributed FRHI shares.

The reference Accor share price used for this purpose corresponded to:

- the average Accor share price for the one-month period preceding the announcement of the transaction on December 9, 2015 and the period between this date and April 8, 2016;
- the price targets submitted by covering analysts following the announcement of Accor's 2015 results on February 18, 2016.

The table below shows the range of implicit exchange ratios based on these multi-criteria analyses:

	Implicit value per Accor share ex-2015 dividend <sup>(1)</sup> (€)	Implicit value per FRHI share (€)	Implicit exchange ratio
<b>Main assessment method used</b>			
Discounted available cash flows	37.2 – 52.9	1,256.9 – 1,517.3	31.44 – 34.58 <sup>(2)</sup>
<b>Accor market share price reference</b>			
Market share price since the announcement <sup>(3)</sup>	29.0 – 39.3	1,199.3	30.52 – 41.41 <sup>(5)</sup>
Target share price published by financial analysts	31.0 – 47.0	1,199.3	25.52 – 38.69 <sup>(5)</sup>
Market share price – one-month period prior to announcement <sup>(4)</sup>	37.0 – 42.7	1,199.3	29.03 – 33.48 <sup>(5)</sup>
<b>Other valuation references</b>			
Sum-of-the-parts	37.6 – 47.6	1,080.0 – 1,279.9	27.35 – 27.72 <sup>(2)</sup>

(1) Based on the recommended 2015 dividend of €1.00 per Accor share put to the vote of the April 22, 2016 Shareholders' Meeting.

(2) Implicit exchange ratio calculated using the same valuation method for FRHI and Accor.

(3) From December 9, 2015 to April 8, 2016.

(4) Based on the volume-weighted average share price over the one-month period preceding December 9, 2015.

(5) Implicit exchange ratio calculated based on an enterprise value of €2.5 billion for FRHI.

Within this range, the Parties agreed to apply an exchange ratio of 33.48 Accor shares for one FRHI Class A share or Class-A equivalent share (corresponding to one Class C share plus one Class D share).

## 2.2. Procedures performed in our capacity as independent appraisers

Our engagement corresponded to one of the “other audit engagements” defined by law and provided for in the conceptual framework underpinning the professional guidelines applicable in France.

Its purpose was to inform the respective shareholders of Accor SA and FRHI Holdings Limited about the relative values used to determine the exchange ratio and assess the ratio's fairness.

Consequently, we did not perform a full audit or a limited review of financial and accounting information, nor did we perform any procedures to validate the transaction's tax treatment. Our engagement did not consist in a due diligence investigation such as would be performed on behalf of a lender or buyer and did not include all of the procedures that would be required for that type of engagement. Our report cannot therefore be used in connection with any due diligence process.

Our opinion is expressed as of the date of this report, the issuance of which represents the final stage in our engagement. Our responsibility does not include reviewing any events that may occur between the date of our report and the Shareholders' Meetings called to approve the contributions of FRHI shares.

In accordance with the terms of our appointment, we performed the procedures that we considered necessary under the professional guidelines applicable in France to this type of engagement.

These procedures included:

- examining the background to and aims of the transaction;
- interviewing the members of FRHI and Accor management responsible for the transaction, in order to understand the context and the financial, accounting, legal and tax environment in which the transaction is taking place;
- interviewing Accor's auditors and the advisors retained to perform the legal, tax and financial due diligence investigations;
- reviewing the draft Contribution Agreement and its appendices;

- obtaining assurance that Accor's separate and consolidated financial statements for the year ended December 31, 2015 had been audited and that the auditors had issued clean opinions thereon;
- obtaining assurance that the consolidated financial statements of FRHI for the year ended December 31, 2015, prepared in accordance with IFRS, had been audited by the Canadian CPA and that the CPA had issued a clean opinion thereon;
- reviewing FRHI's pro forma financial statements for the year ended December 31, 2015 that were the subject of a limited review by the auditors;
- reviewing the business plan prepared by FRHI's management and the revised business plan prepared by Accor and its advisors;
- analyzing the outlook in the hospitality industry, based on our databases and recent analyst research reports;
- assessing whether the criteria and methods used to value the shares of the participating companies were appropriate and had been properly applied;
- implementing alternative methods and analyzing the exchange ratio's sensitivity to the range of values obtained for the two companies' shares at the end of the valuation process;
- obtaining assurance that no facts or events that might adversely affect the relative values obtained during the valuation process had arisen or occurred in the period to the date of this report.

We obtained representation letters from the management of FRHI and Accor confirming the material information used for the purposes of our engagement and the absence of anything that could adversely affect the values determined for each of the companies.

The representations made and warranties given by the Contributors and FRHI to Accor must be reiterated and a statement issued to the effect that no events have occurred that would have a material adverse effect on FRHI, no later than the date of the meeting of Accor shareholders called to approve and place on record the effective completion of its capital increase following the Contribution and the effective completion of the Contribution.

## 2.3. Assessment of whether the relative values presented by the Parties are appropriate

The comments arising from our assessment of the relative values attributed by the Parties to the participating companies' shares are as follows:

- the valuation methods used by the Parties, i.e., the discounted cash flows method backed up by the sum-of-the-parts (SOTP) method, to determine the fair value of the shares represent commonly applied methods that are appropriate in light of the companies' businesses, size and financial position;
- commonly applied stock market multiples were also used by the Parties. We used the results of applying stock market multiples to value the Accor shares only as an additional source of insight, because this method could not be applied consistently to FRHI as it is not listed on the stock market;

- we also applied the comparable market multiples method, in addition to the methods used by the Parties to the transaction.

### 2.3.1. REJECTED VALUATION CRITERIA

#### *Net book asset value*

This approach consists of estimating the value of a company's shares based on its net book asset value per share.

Use of this criterion was rejected because the Accor group's assets (brands, customer relationships, hotel properties, goodwill, management and franchise contracts, etc.) are not all measured at fair value in the statement of financial position.

### Adjusted net asset value

This method is mainly used to value holding companies and companies set up to hold various real estate or other assets. It may also be used in a liquidation approach, after factoring in liquidation costs.

For these reasons, it is not an appropriate approach to valuing a company that operates a business directly with a long-term perspective.

### Dividend discount model

This approach consists of valuing shares based on projected future dividends discounted back to present value. It is generally used to value shares in mature companies which have a policy of paying regular dividends that are representative of their distribution capability.

Accor and FRHI both have a policy of paying regular dividends. However, this policy does not mean that they are mature companies which have exhausted their organic growth and acquisition options.

### Comparable transactions method

This approach consists of estimating a company's value by applying relevant multiples observed for a selection of transactions involving companies operating in the same business.

The Parties used this method to value FRHI's shares.

We noted, however, that very few transactions involving companies with similar characteristics to those of Accor and FRHI were carried out in the recent past. We therefore consider that this method is not particularly appropriate.

## 2.3.2. COMMENTS AND OBSERVATIONS ON THE ACCOR VALUATION

### A. Parameters used for the various valuation approaches

The number of shares and the adjustments made to a company's enterprise value to calculate its equity value represent parameters that are common to all of the valuation methods used by the Parties.

#### Number of shares

Accor was valued based on a total of 237,182,594 shares, corresponding to (i) the 235,352,425 shares outstanding as of December 31, 2015, plus (ii) the 1,830,169 shares issuable upon exercise of the stock options that were exercisable as of December 31, 2015.

#### Adjustments to enterprise value to calculate equity value

Based on its financial statements at December 31, 2015, the Accor group's adjusted net debt at that date was €692 million

and the other adjustments required to calculate equity value represented a positive €110 million (corresponding to the amount to be added to its enterprise value to arrive at equity value).

### Accor adjusted net debt

	€ million
Other long-term debt	(2,692)
Lease liabilities	(53)
Short-term debt	(91)
Bank overdrafts	(19)
Receivables from disposals of assets	44
Short-term loans	43
Cash and cash equivalents	2,963
<b>Net cash position/(Net debt)</b>	<b>195</b>
Subordinated debt	(887)
<b>Adjusted net debt</b>	<b>(692)</b>

### Other adjustments

	€ million
Provision for pensions after tax	(85)
Assets held for sale	189
Non-current financial assets	654
Stock options (exercise price)	49
Minority interests	(225)
Price to book value <sup>(1)</sup>	3.1
Adjusted minority interests	(698)
<b>Other adjustments</b>	<b>110</b>

### B. Valuation criteria that could not be applied consistently to Accor and FRHI

The analyses described below were performed for information purposes only, because these valuation criteria cannot be applied consistently to both companies.

#### Stock market multiples (as of April 21, 2016<sup>(2)</sup>)

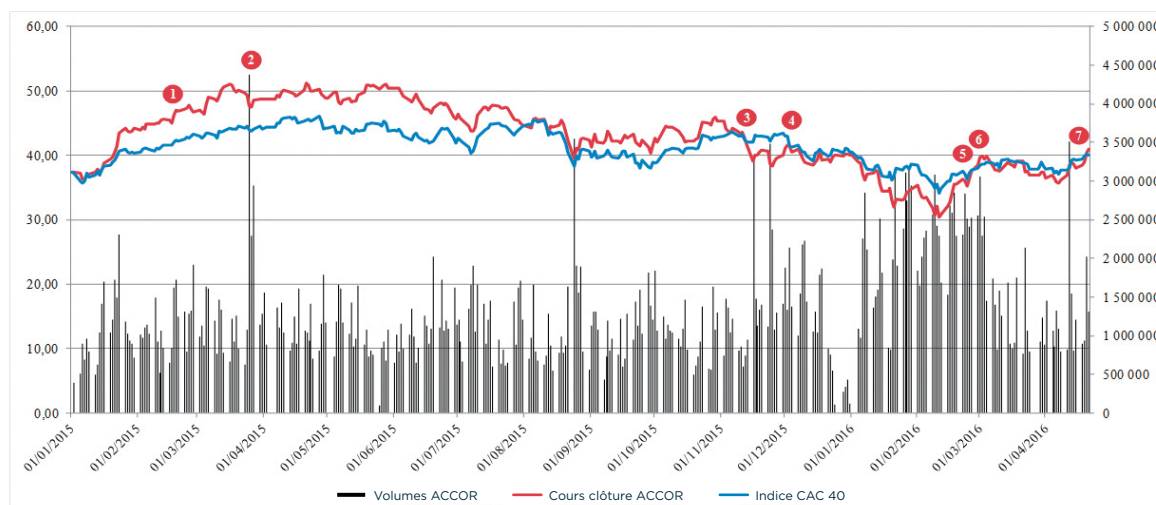
Accor shares are actively traded on NYSE Euronext Paris, in compartment A. The graph below shows Accor's stock market performance since January 1, 2015, the volumes traded and the significant events that may have affected the share price during the period.

(1) Ratio between the fair value of equity and its book value.

(2) Date of our analyses, as (i) presented to the meeting of the Board of Directors of Accor on May 19, 2016 at which the transaction terms were approved and (ii) included in our draft reports on the consideration for the Contributed Assets and the value of the Contributed Assets submitted to the AMF.



### Accor's stock market performance since January 1, 2015 (source: Bloomberg)



Footnote	Date	Event
1	02/18/2015	2014 results published
2	03/25/2015	Sale of 10% of Accor's capital by Eurazeo and Colony Capital announced
3	11/13/2015	Paris terror attacks
4	12/01/2015	43 hotels acquired for €281 million
5	02/18/2016	2015 results published
6	02/29/2016	Chinese group Jin Jang's stake in Accor increased to over 5%
7	04/20/2016	Announcement by Jin Jang that it holds 14.97% of Accor's capital

April 21, 2016	Spot	1 month	3 months	6 months	Since 9/12/2015 <sup>(1)</sup>
Volume-weighted average share price (€)	40.98	37.58	36.36	37.27	36.19
High (€)		40.98	40.98	41.53	40.98
Low (€)		35.68	30.43	30.43	30.43

(1) Date when the transaction was announced.

### Target prices submitted by covering analysts

Accor is covered by a large number of analysts.

As of April 21, 2016, the average of the target prices submitted since the 2015 results were announced was €42.0 with a maximum target of €48.0 and a minimum of €32.0 (source: Bloomberg)<sup>(2)</sup>.

### C. Criteria used for the valuation

#### Discounted cash flows method

The discounted cash flows method is appropriate for valuing Accor and determining relative values because it explicitly takes into account Accor's growth potential and projected profitability.

#### Business plan estimates

Accor has prepared a business plan based on financial analysts' post-results announcement projections published between February 18 and February 26, 2016.

(2) We used the target prices submitted since the publication of Accor's 2015 financial statements, i.e., since February 18, 2016.

We also prepared our own business plan based on the projections published by the financial analysts whose predictions cover the years 2016 to 2018<sup>(1)</sup>. We determined whether these projections provided a vision of the Accor group on a standalone basis, *i.e.*, without FRHI, or a pro forma basis, *i.e.*, including FRHI. Pro forma projections were adjusted to exclude the analysts' estimate of FRHI's contribution.

These projections point to continued strong growth in AccorHotels' business, with revenues expected to rise by 5.1% in 2018. We therefore extended the projection period by three years to bring the annual revenue and EBIT margin growth rates closer to our long-term assumptions of 2.0% and 20% respectively.

We used Accor's own capital expenditure assumptions (€450 million) but applied different assumptions for the following:

- we considered that during the extended projection period (2019-2021), depreciation expense would increase by one-tenth of the difference between capital expenditure and depreciation expense;
- for the terminal value calculation, we considered that capital expenditure would be 2.0% greater than depreciation expense, to finance projected long-term growth<sup>(2)</sup>.

### Financial parameters

We estimated the discount rate applied to Accor (rounded to 8.0%) based on the following parameters:

- normalized discount rate equal to the sum of (i) the expected inflation rate reflected in our perpetuity growth assumptions (2.0%) and (ii) the historical average term premium<sup>(3)</sup> (1.4% – source: Credit Suisse Global Investment Returns Sourcebook);
- a market risk premium of 4.5% (global historical average risk premium<sup>(4)</sup> determined based on a sample of 23 countries – source: Credit Suisse Global Investment Returns Sourcebook);
- a debt-free beta of 1.00, calculated by reference to a sample of international hotel operators (Choice Hotels, Hilton Worldwide, Hyatt Hotels, InterContinental Hotels, Marriott International, Morgans Hotels);
- a debt-to-equity ratio of 7%, reflecting Accor's financial position;
- a pre-tax cost of debt of 4.125%, determined by reference to the interest rate on Accor's subordinated debt issues.

This approach was corroborated by the discount rate used by the financial analysts for Accor, which averages 8.0%.

We also used:

- a perpetuity growth rate of 2.0%, reflecting our long-term inflation assumption as well as the breakdown of AccorHotels' business portfolio and its geographic positioning (its growth potential is weakened by the capital-intensive nature of HotelInvest's business and current business focus on Europe);
- an assumed tax rate of 29.5%, corresponding to the effective tax rate reflected in the 2015 financial statements.

The reference date for our valuation was January 1, 2016.

### Value per Accor share

We tested the sensitivity of the values obtained to a 0.5-point increase or decrease in the discount rate and a 0.25-point increase or decrease in the perpetuity growth rate.

These tests gave a range of values from €36.2 to €47.1 around a central value of €41.0 (before dividends).

### Sum-of-the-parts (SOTP) method

The sum-of-the-parts (SOTP) method involves valuing each business separately using the most appropriate method(s) and reference(s) in each case.

AccorHotels has two businesses – HotelServices and HotelInvest – and it also incurs costs in its role as holding company. The businesses that are not particularly capital intensive, *i.e.*, hotel services based on management and franchise contracts where the hotel property is owned by a third party, attract higher valuations for three reasons: (i) the flow-through ratio (conversion of EBITDA into free cash flow) is higher; (ii) their fixed costs, and therefore their level of risk measured in terms of cash flow variability, are lower, and (iii) they grow faster because they require less development expenditure.

We valued the HotelServices business using the average EBITDA multiple observed for InterContinental and Choice, which have the least capital-intensive model of all the companies in our sample.

The method used to value HotelInvest was the gross asset value as published by Accor at December 31, 2015. Accor had HotelInvest's hotel assets valued by three independent experts who based their valuation on EBIT multiples. The experts valued HotelInvest at €6.9 billion at December 31, 2015.

Accor's holding company costs were valued using the average multiple observed for HotelInvest and HotelServices.

The sum-of-the-parts method gave a range of values from €48.9 to €50.1 (before dividends).

(1) In all, our business plan was based on seven analysts' projections.

(2) AccorHotels' business plan is based on the assumption that capital expenditure will be offset in full by depreciation expense. However, in light of the capital-intensive nature of the business, we consider that it will be necessary for net capital expenditure to represent a positive amount.

(3) The term premium corresponds to the additional yield required by investors to lend over a period beyond the life of treasury bonds.

(4) A global average risk premium is used in order to take into account (i) the international nature of the Accor and FRHI businesses and (ii) the high level of financial market integration.

### Market comparables method

This approach consists of estimating a company's value by applying relevant multiples observed for a selection of transactions involving listed companies operating in the same business.

In this case:

Starting with the sample used by the Parties, we performed additional research in order to select the companies that we considered as the most comparable in terms of their size, growth outlook and real estate portfolio.

Based on these criteria, our sample comprised three companies – Hilton, Marriott and Hyatt.

We considered that the most relevant multiples were those based on EBITDA.

EBITDA is the most commonly used multiple in the hospitality sector, because it reflects the market value of real estate assets in the most capital-intensive organizations and cash flow generation in those that are the least capital-intensive.

We used 2017 and 2018 as the reference years, in light of our objective of calculating relative values for Accor and for FRHI, which is expected to enjoy rapid EBITDA growth.

The market comparables method gave a range of values from €42.7 to €43.7 (before dividends).

### 2.3.3. COMMENTS AND OBSERVATIONS ON THE FRHI VALUATION

#### A. Parameters used for the various valuation approaches

The number of shares and the adjustments made to a company's enterprise value to calculate its equity value represent parameters that are common to all of the valuation methods used by the Parties.

#### Number of shares

FRHI's issued capital is made up of three classes of shares (A, C and D). One Class C share plus one Class D share are together equivalent to one Class A share.

The table below shows the breakdown of FRHI's capital, which comprises the equivalent of 2,027,877 Class A shares.

Class	Total		
	A	C	D
Number	1,557,916	469,961	469,961
Class A-equivalent shares, %	100%	1%	99%
Class A-equivalent shares, number	1,557,916	4,700	465,261

### Adjustments to enterprise value to calculate equity value

Based on the financial statements at December 31, 2015, FRHI's adjusted net debt amounts to US\$100 million. We used an amount that was different from that used by the participating companies because we:

- included "Other debt" in an amount of US\$36 million, corresponding mainly to liabilities under the Long-Term Incentive Program;
- estimated minority interests at US\$39 million, based on the application of a fair value multiple to equity.

### Other valuation components

The real estate joint ventures were valued using a "value-per-key" approach. This method consists of determining a specific price per room based on a sample of comparable transactions for each hotel owned through a joint venture. Application of this method valued the joint ventures at US\$214 million before deducting the related financing.

FRHI's interest in Avendra was valued at US\$73 million, based on a multiple of Avendra's 2016 EBITDA.

### B. Criteria used for the valuation

FRHI's business model is different from that of AccorHotels in the following respects:

- FRHI's business is less capital intensive because it is conducted mainly through management and franchise contracts;
- FRHI's contracts are very long compared with the average for the hospitality industry;
- the company is positioned in the upscale segment and therefore targets customers who are less likely to be affected by economic cycles.

These characteristics have to be taken into account for the purpose of valuing FRHI because, all other things being equal, they contribute to higher cash flow generation, lower systematic risk and a lower discount rate, and higher growth potential.

### Discounted cash flows method

#### Business plan excluding synergies

After analyzing the business plan prepared by FRHI's management for the divestment process, we decided to base our valuation on the business plan excluding synergies used by Accor.

The projections used by Accor are significantly less optimistic than those of FRHI's management.

**Assumptions concerning synergies and tax savings**

Our valuation took into account the projected synergies determined by Accor based on a detailed analysis of the impact on EBITDA and of the related restructuring costs, which we considered as being tax-deductible.

The financial analysts generally consider that business combinations in the hospitality industry will generate considerable synergistic benefits in the various areas covered by AccorHotels in its analysis.

We also included in our valuation FRHI's tax loss carryforwards that would be available to AccorHotels. In practice, we considered that FRHI's tax loss carryforwards at December 31, 2014 (most recent known amount) would be used over a ten-year period as from January 1, 2017.

**Financial parameters**

For the valuation of FRHI, we used a discount rate of 7.5%, which was 0.5 points lower than the rate used for Accor.

We did not apply a separate approach to FRHI, because there are no comparable listed companies with a beta that reflects all of the features of FRHI's business model<sup>(1)</sup> (see above).

Instead, we applied a 0.5-point reduction to the specific rate obtained for Accor, to take into account the fact that the risks associated with FRHI's business model are lower (the customer base is less sensitive to economic cycles, fixed costs are lower).

Given the objective of determining the two companies' relative values, we consider that the use of a growth rate of 2.5%, which is 0.5 points higher than that applied to Accor, appropriately reflects FRHI's less capital-intensive business model and its positioning in faster-growing markets (United States, Asia).

Dollar amounts were converted into euros at an exchange rate of €1 = US\$1.1069 (source: Bloomberg, three-month average at April 21, 2016).

**Value per FRHI share**

We tested the sensitivity of the values obtained to a 0.5-point increase or decrease in the discount rate and a 0.25-point increase or decrease in the perpetuity growth rate.

These tests gave a range of values from €1,190 to €1,567 around a central value of €1,350.

**Sum-of-the-parts (SOTP) method**

In the case of FRHI, we valued the hotel services business (management and franchise contracts) separately from the hotel owner-operator business.

Different multiples were used depending on the amount of capital tied up in the business.

The hotel services business, which requires only limited capital, was valued using the average EBITDA multiple observed for InterContinental and Choice. The hotel owner-operator business, which requires significant amounts of capital, was valued using the average EBITDA multiple observed for Hilton, Marriott and Hyatt.

This approach gave a range of values from €1,310 to €1,375.

**Market comparables method**

We applied this method using the companies in our sample with the least capital-intensive business models: InterContinental and Choice. We applied a 20% premium to the multiples to take into account both (i) the unusually long contracts signed by FRHI and (ii) its more upscale positioning compared to the companies in our sample.

This approach gave a range of values from €1,388 to €1,575.

<sup>(1)</sup> Industry-level beta calculations are often considered more reliable than company-level calculations due to the impact of statistical noise. For this reason, it is difficult to consider that differences between the respective betas of two companies operating in the same industry but with slightly different business models can be measured accurately (Fama, E.F., French, K.R., Industry Cost of Equity, Journal of Financial Economics, 1997, vol. 43 pp. 153-193).

### 3. ASSESSMENT OF THE FAIRNESS OF THE PROPOSED EXCHANGE RATIO

#### 3.1. Exchange ratio proposed by the Parties

Based on their analysis (see section 2.1), the Parties jointly agreed to set the overall exchange ratio at 1,718,134<sup>(1)</sup> FRHI shares for 46,700,000 Accor shares, representing a ratio of 33.48 Accor shares for one FRHI Class A share<sup>(2)</sup>, which is consistent with the range of observed ratios.

#### 3.2. Procedures performed in our capacity as independent appraisers of the capital contributions

We performed the procedures that we considered necessary under the professional guidelines applicable in France to this type of engagement to assess the fairness of the proposed exchange ratio and resulting consideration.

Our assessment was based on the procedures to obtain assurance that the relative values attributed to the FRHI and Accor shares are appropriate (see description in section 2.3).

We analyzed the proposed exchange ratio in relation to the relative values determined using a multi-criteria approach and considered to be appropriate.

#### 3.3. Assessment of the fairness of the proposed exchange ratio

The results of our procedures (see section 2.3) (i) on the exchange ratio determined by the Parties and (ii) to extend the valuation approaches in connection with our tests of the exchange ratio's sensitivity to different valuation methods applied consistently to both Accor and FRHI, led to the following exchange ratios:

Method	Value per Accor share (ex-dividend <sup>(3)</sup> ) (€)	Value per FRHI share (€)	Exchange ratio
Discounted cash flows method	35.2 – 46.1	1,190 – 1,567	<b>33.81 – 33.99</b>
Sum-of-the-parts method	47.9 – 49.1	1,310 – 1,375	<b>27.35 – 28.00</b>
Market comparables method	41.7 – 42.7	1,388 – 1,575	<b>33.29 – 36.89</b>

(3) 2015 dividend of €1 per Accor share approved by the Shareholders' Meeting of April 22, 2016.

The results of our procedures support the exchange ratio used by the Parties of 33.48 Accor shares for one FRHI Class A share or Class A-equivalent share (i.e., one Class C share plus one Class D share), which is within the range of observed ratios and in line with that obtained by the discounted cash flows method.

(1) 1,071,610 FRHI Class A shares, 323,262 FRHI Class C shares and 323,262 FRHI Class D shares (together, one Class C share plus one Class D share are equivalent to one Class A share).

(2) One Class C share plus one Class D share is equivalent to one Class A share.

## 4. CONCLUSION

On the basis of our work and at the date of this report, we consider that the exchange ratio of 1,718,134 shares in FRHI HOLDINGS LIMITED (including 1,071,610 Class A shares, 323,262 Class C shares and 323,262 Class D shares – it being specified that one Class C share plus one Class D share is equivalent to one Class A share) for 46,700,000 shares in Accor SA, as agreed by the Parties, is fair.

Paris, June 8, 2016

The Independent Appraisers of Capital Contributions  
(*Commissaires aux Apports*)

Jacques Potdevin

Didier Kling

Statutory Auditors

Members of the Compagnie Régionale de Paris





# Request FOR DOCUMENTS

Form to be returned to:

**Société Générale**  
**Service des Assemblées Générales**  
**32, rue du Champ-de-Tir**  
**CS 30812**  
**44308 Nantes Cedex 3, France**



**COMBINED ORDINARY  
AND EXTRAORDINARY  
SHAREHOLDERS' MEETING**

**Tuesday, July 12, 2016**

The undersigned: .....

Address: .....

.....

Owner of: ..... registered shares<sup>(1)</sup>

and/or: ..... bearer shares

Requests that the Company send the additional documents mentioned in article R. 225-83 of the French Commercial Code to the abovementioned address.

Signed in: .....

On: ..... 2016

Signature:

*(1) Holders of registered shares may make a one-time request that the documents and information mentioned in article R. 225-83 of the French Commercial Code be sent to them prior to all future Shareholders' Meetings.*



**ACCOR**, *société anonyme*. Share capital: €712,366,974  
Headquarters: 82, rue Henri Farman – 92130 Issy-les-Moulineaux, France  
Registered in Nanterre under number 602 036 444

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