ACCORHOTELS
Feel Welcome

NOTICE OF MEETING

COMBINED ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING

Friday, April 20, 2018 at 10:00 a.m at the Novotel Paris Est
1, avenue de la République – 93177 Bagnolet

AccorHotels is a world-leading travel & lifestyle group and digital innovator offering unique experiences in more than 4,300 hotels, resorts and residences, as well as in over 10,000 of the finest private homes around the globe. Benefiting from dual expertise as an investor and operator, AccorHotels operates in 100 countries. Its portfolio comprises internationally acclaimed luxury brands including **Raffles, Sofitel Legend, SO Sofitel, Sofitel, Fairmont, onefinestay, Rixos, MGallery by Sofitel, Pullman, Swissôtel and 25 hours;** the popular midscale and boutique brands of **Novotel, Mercure, Mama Shelter and Adagio;** the much-prized economy brands including **JO&JOE, ibis, ibis Styles, ibis** ***budget*** and the regional brands **Grand Mercure, The Sebel and hotelF1.** AccorHotels provides innovative end-to-end services across the entire traveler experience, notably through the recent acquisition of John Paul, the world leader in concierge services.

With an unmatched collection of brands and a rich history spanning close to five decades, AccorHotels, along with its global team of more than 250,000 dedicated women and men, has a purposeful and heartfelt mission: to make every guest Feel Welcome. Guests enjoy access to one of the world's most rewarding hotel loyalty programs – Le Club AccorHotels.

AccorHotels is active in its local communities and committed to sustainable development and solidarity through PLANET 21, a comprehensive program that brings together employees, guests and partners to drive sustainable growth.

TABLE OF CONTENTS

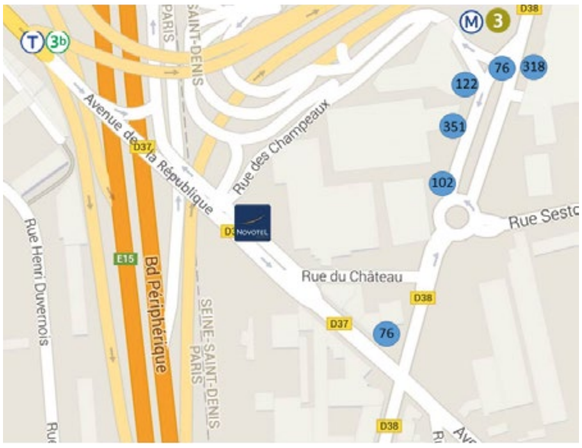
This version of the notice of meeting is amended to rectify a material error relating to the term of office of Iliane Dumas, Director representing employees, in p. 60.

HOW TO PARTICIPATE
IN THE SHAREHOLDERS' MEETING

The Shareholders' Meeting will be held at 10:00 a.m. on April 20, 2018 at the Novotel Paris Est. Shareholders are invited to arrive at the Novotel from 8:30 a.m. where a welcome coffee will be served.

HOW TO GET TO NOVOTEL PARIS EST

Novotel Paris Est
1, avenue de la République
93177 Bagnolet



By car:

◗ Coming via the A3, take the Paris Est Porte de Bagnolet exit.

◗ Coming from Lyon, head toward Paris Porte d'Italie, follow the Périphérique Nord ring-road towards Lille and take the Porte de Bagnolet exit.

◗ Coming from Lille, follow the Périphérique Est ring road and take the Porte de Bagnolet exit.

By underground:

◗ Line 3 : Gallieni station.

By bus:

◗ Lines 221 318 122 351 and 76 : Gallieni station.

◗ Line 102 : Bagnolet station.

◗ Line 76 : Général de Gaulle station.

By tram:

◗ Line T 3b : Porte de Bagnolet station.

ELIGIBILITY CRITERIA

Shareholders are eligible to vote at the Shareholders' Meeting provided that their shares have been recorded in their name, or in that of their accredited financial intermediary, 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 April 20, 2018, the record date will therefore be 12:00 a.m. CEST on **Wednesday, April 18, 2018.**

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 the French Commercial Code stipulates that any shareholder who has already voted, sent a proxy form, 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 (or title to the shares is transferred) before the second business day preceding the Meeting date,** *i.e.,* before 12:00 a.m. CEST on Wednesday, April 18, 2018, 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 (or transfer of title) and provide all the necessary information.
  - **If all or some of the shares are sold (or title to the shares is transferred) after the second business day preceding the Meeting date,** *i.e.,* after 12:00 a.m. CEST on Wednesday, April 18, 2018, 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 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 using the login details sent to you; or
- by returning the proxy form you received with the Notice of Meeting, which includes the request for an admittance card, to Société Générale using the envelope provided. Simply check **box A**, enter your full 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 business days before the Shareholders' Meeting, you should call **the Société Générale admittance card hotline** on +33 (0)8 25 31 53 15. Lines are open from 8:30 a.m. to 6:00 p.m. CEST from Monday to Friday. Calls from a landline in France cost €0.15 per minute plus VAT.

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 business 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 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. CEST on April 4, 2018 until 3:00 p.m. CEST on April 19, 2018**. 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 the French Commercial Code, you may give proxy or withdraw a proxy electronically by logging onto the 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 assembleegenerale2018@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. CEST on April 19, 2018 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.

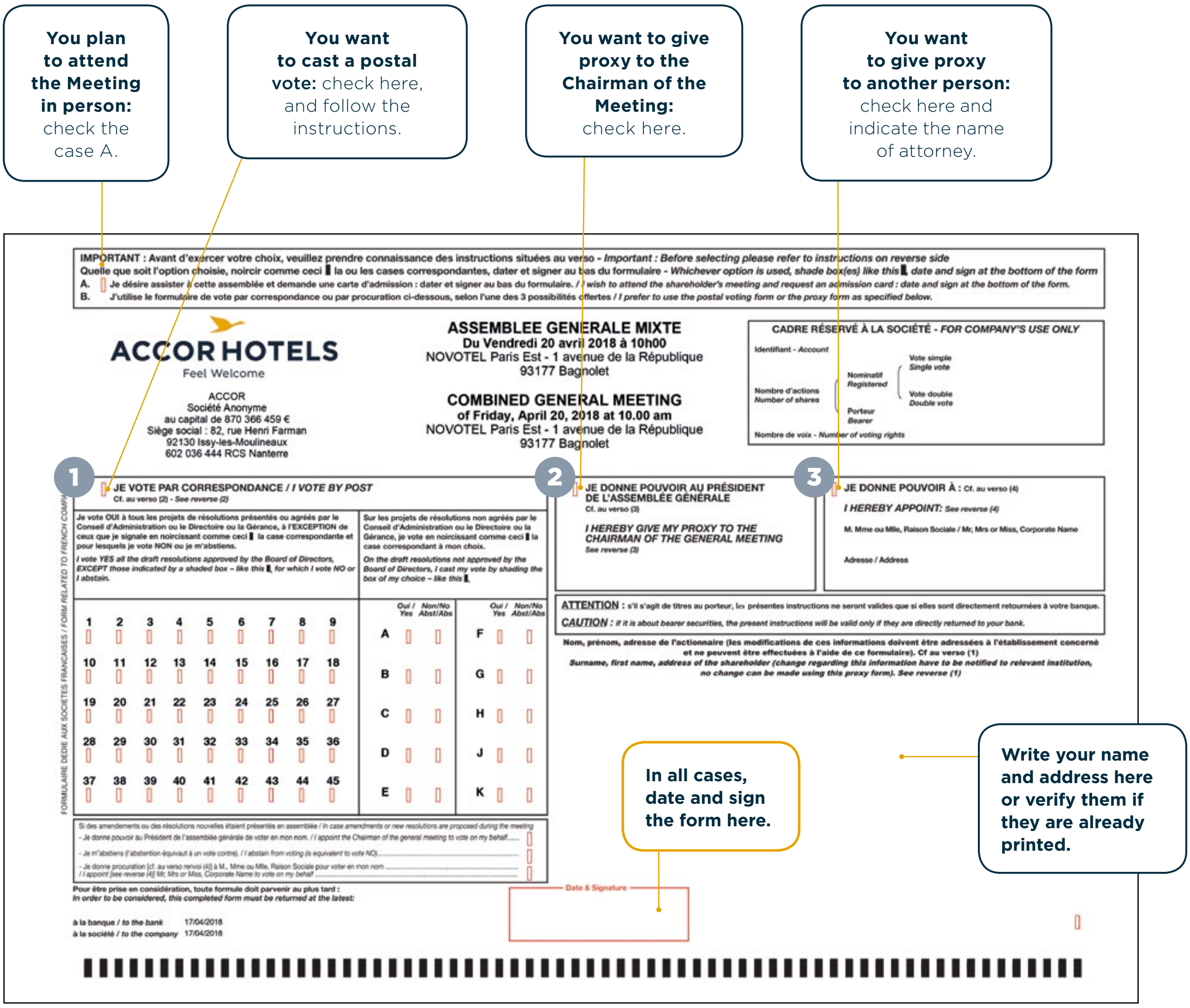
  The Chairman will then vote on your behalf in favor of all of the resolutions presented or supported by the Board of Directors and against all resolutions not supported by the Board.
- If you want to give proxy to another person of your choice, check the **"I hereby appoint..."** 3 box and indicate the 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. Form requests will only be honored if your bank or broker receives them no later than six days before the Meeting date, *i.e.,* by April 14, 2018.

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]* if you hold bearer shares) *via* your bank or broker to the Company or to Société Générale Securities Services, Service des Assemblées, 32, rue du Champ-de-Tir, CS 30812, 44308 Nantes Cedex 3 no later than three days before the Meeting date, *i.e.,* by April 17, 2018.

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 April 17, 2018.



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 Monday, April 16, 2018**, either:

- by sending a registered letter with return receipt requested to the Chairman of the Board of Directors at AccorHotels – 82, rue Henri-Farman – 92130 Issy-les-Moulineaux, France; or
- by sending an e-mail to: assembleegenerale2018@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, alone or in concert, 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 Wednesday, April 18, 2018, by sending an e-mail to declarationpretsemprunts@amf-france.org and assembleegenerale2018@accor.com.

2017 SUMMARY
ACCORHOTELS MANAGEMENT REPORT

AccorHotels celebrates its 50th anniversary with another highly successful year in 2017.

Expansion continued apace with the addition of 301 hotels (51,413 rooms) following the acquisition of BHG in Brazil and the signature of strategic partnerships with Banyan Tree, Rixos Hotels and Orient Express. The Group rounded out its business model in travel and tourism, diversifying its hospitality solutions to the co-working market with the acquisition of 50% of Nextdoor, and strengthening its position in private villa and apartment rentals with the acquisitions of Travel Keys and Squarebreak, now housed under the onefinestay brand. AccorHotels has enlarged its distributions channels to encompass hotel bookings for business travelers, with the acquisition of Gekko in early January 2018, and the private sale of luxury hotel rooms and breaks with the acquisition of VeryChic. In France, the Group launched AccorLocal, an app to help residents find local services, and entered into alliances with Noctis and Potel & Chabot to broaden its entertainment and gastronomy services, rounding out the customized services offered by John Paul since 2016.

Lastly, the Group fully refocused on its core Hotels business by spinning off its real estate business into a subsidiary called AccorInvest and reaching an agreement to divest an initial 55% stake in AccorInvest to French and international investors on February 27, 2018.

The Group's growth now reflects its brand appeal, high-quality service offerings and powerful development particularly in fast-growing areas, as well as its ecosystem of related businesses providing new growth drivers.

Against this backdrop, AccorHotels delivered strong earnings growth in 2017, driven by robust business activity in most of its key markets coupled with strong development momentum. In 2017, the Group significantly increased its operating margins and results on the back of tight cost control, synergies resulting from the acquisition of FRHI and careful management of digital expenses. EBIT totaled €492 million in 2017, an increase of 23.9% as reported and 10.1% like-for-like. Net financial expense came to €54 million, an improvement of €63 million driven by a fall in costs related to hedging instruments. Net profit attributable to shareholders was €441 million compared with €265 million in 2016, a year-on-year increase of 66.4%.

2017 BUSINESS REVIEW

Following the decision in July 2016 to spin off the Group's real estate operations into a subsidiary called AccorInvest, with the intention of selling it to long-term investors, AccorInvest has been classified as non-current assets held for sale on a separate line of the Group's balance sheet, income statement and cash flow statement, in accordance with IFRS 5. As was the case last year, the financial data presented in the business review for 2016 and 2017 reflect this accounting treatment.

Revenue

Consolidated 2017 revenue amounted to **€1,973 million, up 7.9% like-for-like** and **17.7% as reported** compared with 2016.

HotelServices reported revenue of €1,746 million, up 5.1% like-for-like and up 14.6% as reported. **New Businesses** reported revenue of €100 million, more than double the 2016 level of €44 million, driven by acquisitions. **Hotel Assets** recorded revenue growth of 7.0% like-for-like and 2.9% as reported.

Reported revenue for the period reflected the following factors:

- **changes in the scope of consolidation** (acquisitions and disposals) had a positive impact of €185.1 million (+11.2%), thanks to the contributions from Raffles, Fairmont, Swissôtel, Availpro, onefinestay, Travel Keys, Squarebreak, VeryChic and John Paul;
- **currency effects** had a negative impact of €23.4 million, attributable chiefly to declines in the Egyptian pound (€22.8 million), Turkish lira (€6.4 million) and US dollar (€7.1 million), partially offset by positive impacts from the Brazilian real (€10 million) and the Polish zloty (€4.9 million).

The difference between the like-for-like and reported changes stems primarily from the consolidation of FRHI and from new businesses (+12.9%).

EBITDAR

Consolidated **EBITDAR** amounted to **€730 million** in 2017, up 6.0% like-for-like and 18.1% as reported. **EBITDAR margin** was **37.7%**.

EBITDA

Consolidated **EBITDA** amounted to **€626 million** in 2017, up 8.1% like-for-like and 23.6% as reported compared with 2016. The **EBITDA margin** was **32.3%**, an improvement of 150 basis points year-on-year.

EBIT

EBIT totaled **€492 million** in 2017, compared with €397 million in 2016, an **increase of 10.1% like-for-like** and **23.9% as reported**. The **EBIT margin** increased by 130 basis points to **25.4%**.

Rental expense amounted to **€104 million,** compared with €112 million in 2016. **Depreciation, amortization and provision expense** totaled **€134 million** compared with €109 million in 2016. The decrease in these items is due to the spin-off of the hotels owned and leased by AccorHotels to AccorInvest, reflecting the Group's shift towards an asset-light model.

Operating income before non-recurring items

Driven by growth in EBIT, **operating income before non-recurring items** amounted to **€413 million** compared with €307 million in 2016.

The **share of net profit of associates** was **€28 million** in 2017 compared with €6 million in 2016, a year-on-year increase of €22 million.

Net non-recurring expense fell by €11 million to **€107 million,** compared with expense of €96 million in 2016.

- **Gains and losses on the management of hotel properties** represented a **net loss of €5 million,** compared with a profit of €93 million in 2016, of which €66 million was due to the disposal of Group assets to Huazhu in China.
- **Restructuring costs,** mainly related to reorganizations in France, decreased to **€44 million** in 2017, compared with €105 million in 2016, which included €98 million in restructuring of the FRHI Group.
- **Asset impairment** amounted to **€3 million,** compared with €16 million in 2016.
- **Other net non-recurring expense** amounted to **€55 million,** compared with expense of €68 million in 2016, mainly comprising bank, legal and advisory fees of €56 million related to the spin-off and proposed divestment of AccorInvest, and a profit of €48 million in connection with the sale of Avendra shares.

Net profit attributable to shareholders

After deducting **non-controlling interests** in an amount of €40 million, **net profit attributable to shareholders** came to **€441 million,** compared with €265 million in 2016.

Net financial expense amounted to **€54 million** in 2017, compared with €117 million in 2016. The favorable change over the period is chiefly attributable to:

- a €31 million gain resulting from the fair value adjustment to the interest rate hedge on the potential financing of the Group's headquarters;
- a €13 million loss in 2016 related to the exchange rate hedge on the cash payment for the acquisition of the FRHI Group;
- a €6 million foreign exchange gain compared with a €15 million loss in 2016, related mainly to the Egyptian pound.

The Group generated an **income tax benefit of €51 million** due to the combined positive impact of a €73 million deferred tax asset related to the spin-off of AccorInvest in Germany and the Netherlands, a 14-percentage point decrease in the tax rate in the United States for €59 million, and legislative changes on dividends received and paid for €63 million. At December 31, 2017, the **effective tax rate** was **30.3%** of taxable income.

Net profit attributable to shareholders therefore increased from €176 million in 2016 to **€441 million,** while **net earnings per share** rose from €0.88 in 2016 to **€1.40,** based on the weighted average number of shares outstanding at December 31, 2017 (287,487,569).

Dividend and payout ratio

Operating profit before non-recurring items, net of tax amounted to **€538 million,** representing earnings per share of €1.87. On the basis of this result, AccorHotels will ask shareholders at the General Meeting of April 20, 2018 to approve the payment of a cash-only dividend of €1.05 per share.

Cash flows

Funds from operations amounted to **€559 million,** compared with €391 million in 2016, due to good levels of business in most of the Group's markets and strong growth in EBITDA.

Recurring investments, which include HotelServices' digital and IT investments, as well as maintenance and Hotel Assets' development investments, mainly related to the Orbis scope, edged down to **€161 million,** compared with €188 million in 2016.

Working capital was a negative **€383 million** in 2017, compared with a negative €336 million at end-2016. The €47 million increase, including €37 million generated by the operating cycle, was mainly due to tight management of trade receivables and payables.

As a result, the Group's **recurring cash flow** rose sharply to **€435 million,** compared with €199 million in 2016. This good operating performance was further boosted by gains driven by legislative changes to dividends received and paid (€30 million).

Acquisitions made in 2017 totaled **€357 million,** including €108 million mainly for the acquisition of BHG and the partnerships with Banyan Tree and Rixos Hotels, €110 million for Hotel Assets, mainly the development of Orbis, and €70 million for the acquisitions of VeryChic, Availpro, Travel Keys and Squarebreak, consolidated in New Businesses.

Asset disposals amounted to **€47 million,** compared with €212 million in 2016. They mainly include the divestment of the Group's entire stake in the North American centralized purchasing system Avendra to Aramark for €103 million.

Dividends paid to shareholders were down to **€163 million** from €178 million in 2016.

Consequently, **net debt** amounted to **€1,888 million,** compared with €1,682 at end-2016, an increase of €206 million over the year.

At December 31, 2017, the **average cost of debt** was **2.04%.** In January 2017, AccorHotels issued a €600 million 7-year bond with a coupon of 1.25%. The Group also redeemed a €250 million 8-year bond with a coupon of 6.039%, and a second €367 million 5-year bond with a coupon of 2.875%. In addition, it has a €1.8 billion long-term credit facility maturing in June 2019 and a €350 million short-term credit facility maturing in June 2018.

CONSOLIDATED INCOME BY STRATEGIC BUSINESS

Following its decision to sell a majority stake in AccorInvest and the accompanying spin-off operations, AccorHotels implemented a new internal organizational structure that led to a redefinition of its reporting system based on three strategic businesses: HotelServices, Hotel Assets and New Businesses.

The performance of the **HotelServices** segment continues to be tracked by geographic region. However, the regional breakdown has been adjusted to reflect the Group's new business organization:

- France & Switzerland;
- Europe;
- Middle East & Africa;
- North America, Central America & the Caribbean;
- South America;
- Asia-Pacific;
- "Worldwide Structures", which comprises support entities whose financial flows are not specific to a single geographic region.

Hotel Assets and **New Businesses** are separate operating segments.

AccorHotels' **EBITDA and EBIT margins** were up sharply to **32.3%** and **25.4%** respectively.

- **HotelServices** delivered an excellent performance, driven by strong growth in both EBITDA and EBIT margins. The HotelServices **EBIT margin** increased by 230 basis points from **30.7%** to **33.0%,** driven by good levels of business in most of the Group's markets and a decrease in digital expenses.
- The **EBITDA margin** for **New Businesses** stable, due to the increase in amortization linked to the acquisitions made by John Paul and onefinestay.
- **Hotel Assets' performance** was driven mainly by Orbis and Central Europe, tempered to some extent by hotels in Brazil.

HotelServices

HotelServices is the Group's hotel operator and franchiser, focused on providing services and generating revenue in the form of fees. Its scope covers the 891 hotels divested to AccorInvest and the Group's Hotel Assets in Central Europe and Brazil.

- **Franchise agreements:** Franchised hotels are operated by their owners. AccorHotels provides various services to its franchisees, such as the use of its brands, first and foremost, and access to the Group's centralized booking system. The other services offered to hotel owners include access to the centralized purchasing system and to Académie AccorHotels for employee training. Accor is remunerated for these services *via* fees, including trademark fees and sales and marketing fees, as well as through the billing of additional services, where applicable.
- **Management contracts:** Hotels under management contracts are similar to franchised hotels in that Accor only records the fees paid by the owner and not the hotel's revenue. However, these hotels are managed by AccorHotels. The fees received include a franchise fee, a management fee corresponding to a percentage of EBITDAR and, in some cases, an incentive fee based on performance criteria.

HotelServices also centralizes sales and marketing, distribution and IT services, as well as other activities including the timeshare business in Australia, Strata, a company that operates the common areas of hotels in Oceania, and the Group's loyalty program.

Revenue

HotelServices reported **business volumes** of **€17.9 billion, up 19%** (at constant exchange rates), and **revenue** of **€1,746 million, up 14.6% as reported** and **5.1% like-for-like.**

This robust growth reflects sustained business in Asia-Pacific (+7.7%), Europe (+7.2%) and France & Switzerland (+2.5%), as well as North America, Central America and Caribbean (+5.2%) and the Middle East & Africa (+2.7%). The only region to post a decline was South America (-3.3%), although it was less pronounced than expected thanks to a very strong recovery in Q4 2017 (+13.4%).

HotelServices also benefited from the fact that the Luxury/Upscale segment represents a higher proportion of its portfolio since 2014, with 41% of its fees derived from this segment in 2017, compared with only 22% in 2014.

RevPAR

The **Group's RevPAR** was up 4.7% overall.

In **France & Switzerland,** revenue was up 2.5% on a like-for-like basis, driven by a 4.2% increase in RevPAR. The difference between these growth rates stems from the closure in the third quarter of 2017 of 62 F1 hotels and closure for work of the Pullman Paris Montparnasse hotel during the summer. RevPAR was buoyed by a 6-point improvement in the occupancy rate resulting from the return of foreign tourists to Paris, especially for leisure stays (+20%). RevPAR was up 6.1% in Paris.

Europe posted like-for-like revenue growth of 7.2% on RevPAR growth of 6.5%.

- As dynamic as ever, the **United Kingdom** delivered further solid growth in RevPAR (+4.6%), with performance driven by cities other than London (+6%) and activity in the capital continuing to grow (+3%).
- RevPAR grew by 1.8% in **Germany,** thanks to double-digit growth in March and May which offset the effects of an unfavorable trade show calendar in April and June.
- Reflecting the very favorable trends observed in **Central Europe,** RevPAR grew by a strong 4.9% in Poland, with double-digit growth in the largest towns and cities.
- Lastly, the **Iberian Peninsula** enjoyed strong business. RevPAR was up 12.3%, with the impact of events in Barcelona in the fourth quarter (-13%) substantially offset by a sharp rise in activity in Portugal (+18%).

The **Asia-Pacific** region also performed very well, turning in revenue growth of 7.7%, thanks to excellent trends in the Economy (+14%) and Luxury/Upscale (+12%) segments.

With a 0.8% increase in RevPAR, the **Middle East & Africa** region posted solid revenue growth of 2.7%, driven by the Middle East (+7.1%) and sustained business in Egypt, Morocco and Tunisia.

North America, Central America & the Caribbean posted revenue up 5.2%. The region's RevPAR (+5.7%) reflected very strong activity in the Leisure and Business segments in Canada (+13.6%).

Lastly, the situation was varied in **South America,** with RevPAR down 3.4% for the region. Regional revenue was down 3.3%, with Brazil facing a challenging situation, particularly in Rio, which continued to be affected by a depressed socioeconomic environment and was impacted by the overcapacity generated by the Olympic Games. However, RevPAR trends observed in the fourth quarter are very encouraging for the future, all segments combined (+13.9%).

The change in **Worldwide Structures** was due to the inclusion of €83 million of FRHI revenue which was allocated to the North America, Central America & the Caribbean region in 2016. These items will be re-allocated to the relevant regions beginning in 2018.

EBITDA

HotelServices' EBITDA was **up** to a robust **€656 million,** compared with €524 million in 2016, which is a like-for-like **increase of 9.7%.** The **EBITDA margin** was **37.6%,** compared with 34.4% in 2016, thanks to the combined impacts of RevPAR growth, expansion and completion of the digital plan.

EBIT

Up **23.4%** as reported and **8.6%** like-for-like, **HotelServices' 2017 EBIT** was **€576 million,** compared with €467 million in 2016. FRHI contributed 20% or €117 million of HotelServices' EBIT, including €55 million in synergies.

Gaining 2.3 points, **HotelServices' EBIT margin** firmed to **33.0%,** compared with 30.7% in 2016. The increase can be largely attributed to improved business, the synergies related to the acquisition of FRHI and the phasing of digital expenses to €42 million in 2017, compared with €54 million in 2016.

In line with the good business levels recorded in its various regions over the year, **HotelServices** posted very strong growth in EBIT in **Asia-Pacific (+18.1%),** driven by a provision reversal in China, and in **North America, Central America & the Caribbean (+22.3%),** thanks to synergies from the integration of FRHI and the closure of the Fairmont Acapulco in Mexico, and healthy increases in **Europe (+6.1%)** and **France & Switzerland (+4.1%).**

By contrast, the **Middle East & Africa region (-28.0%)** underperformed amidst political tensions in the Gulf region, as did **South America (-28.1%)** due to a persistently challenging situation in Brazil.

HotelServices P&L Performance

Half of **HotelServices' revenue** is derived from management and franchise fees, while 37% comes from the Sales, Marketing & Distribution Fund.

The **EBITDA margin** of the **management and franchise business** was up 0.7 points to **61.2%,** thanks to the combined effects of RevPAR and expansion, illustrating the resilience of the HotelServices model and the increase in economies of scale.

The **Sales, Marketing & Digital** division was balanced at the end of 2017, thanks to the completion of the digital plan. The Sales, Marketing & Digital Fund is dedicated to the implementation of marketing and digital initiatives carried out by the Group exclusively for the franchised and managed hotels that contribute to it. The fund is required to spend all the funds it receives each year, and must therefore be balanced.

Other Activities encompasses purchases, shared services, Strata (a company that operates the common areas of hotels in Oceania), and the timeshare business in Australia. Its EBITDA margin also improved.

Organic development reached new record levels in 2017. AccorHotels opened 264 new hotels, with more than 40,802 rooms; it enjoys very encouraging prospects, with a pipeline of 874 hotels and 161,000 rooms.

New Businesses

New Businesses comprises the new businesses developed by the Group, mainly through acquisitions, previously housed in HotelServices and now presented separately:

- digital services for independent hotels: the purpose of this business, currently carried out by Fastbooking, is to provide independent hotels with digital solutions designed to foster the development of their direct sales. The acquisition of Availpro rounds out the suite of products and services offered to hotel operators and has created the European leader in digital services for independent hotels;
- luxury home rentals (onefinestay): the acquisitions of Travel Keys and Squarebreak have rounded out onefinestay's portfolio, which now spans a network of nearly 10,250 luxury destinations worldwide;
- digital sales, created through the acquisition of VeryChic, which operates a website and mobile applications offering exclusive private sales of luxury and upscale hotel rooms and breaks;
- concierge services through the integration of John Paul, which has also taken over Customer Care, and the rollout of **AccorLocal** in France, after successful year-long tests in pilot hotels.

New Businesses recorded **like-for-like revenue growth of 6.9%** to **€100 million** in the 12 months to December 2017, compared with €44 million in 2016.

On the whole, **New Businesses revenue,** including businesses acquired in 2017, **grew by 10%** compared with 2016. **EBITDA** was stable at a **negative €25 million,** compared with a negative €23 million in 2016, due to investments made by John Paul and onefinestay. **Operating profit** was **down** €8 million to **- €33 million,** affected by an increase in amortization linked to the acquisitions made in 2017. The Group expects to halve the loss in 2018 and to break even in 2019.

Hotel Assets

The **Hotel Assets** division corresponds to the owner-operator business, regardless of the ownership structure (owned and leased hotels). The division combines hotels operated by Orbis in Eastern Europe with a number of other hotels, primarily in Brazil, operated under variable rent leases based on a percentage of EBITDAR. These are the hotel assets retained by the Group and not transferred to AccorInvest.

Its business model aims to improve the return on assets and optimize the balance sheet. It combines asset portfolio management and hotel design, construction, renovation and maintenance activities.

Revenue derived from the Group's **Hotel Assets** grew by **7.0% like-for-like.** This good performance nevertheless masks a contrasting situation between, on the one hand, Central Europe, which remains very buoyant, and Egypt, where business has taken off thanks to the currency devaluation, and on the other hand, Brazil, where the situation is still challenging, although the strong growth seen in the fourth quarter is very encouraging (+13.9%).

EBIT rose from €78 million to **€96 million,** representing an **18.8% like-for-like increase.**

EBIT increased by 40.7% like-for-like to **€50 million** compared with €36 million in 2016. Orbis accounted for 57% of Hotel Assets' 2017 revenue.

STRATEGY AND OUTLOOK

In a rapidly changing world, the hotel industry is completely reinventing itself to move closer in line with the expectations of travelers and to meet a range of challenges including geographical coverage, segmentation, brand development, property portfolio, loyalty, synergies and offerings.

After a transformative year in 2016, when it strengthened its business model in luxury hotels and built a complementary model in the world of travel and concierge services, 2017 marked a turning point for AccorHotels, whose shareholders approved the legal separation of HotelServices and HotelInvest (now AccorInvest) prior to the sale of a majority stake in AccorInvest in the second quarter of 2018, giving the two businesses the opportunity to develop their respective growth models as fully as possible.

AccorHotels also continued to expand its brand portfolio with new concepts and new addresses through the acquisition of BHG in Brazil and Mantra in Australia, New Zealand, Indonesia and Hawaii. The Group additionally forged a strategic partnership with SNCF based on the Orient Express brand, a symbol of the art of luxury travel, imbued with culture, splendor and refinement, which both groups have pledged to develop over time.

AccorHotels consolidated its digital operations by acquiring Availpro, creating the leading European provider of digital services for independent hotels in combination with Fastbooking, which it acquired in 2015.

The Group also diversified its activities in private sales of hotel accommodation and luxury holidays by acquiring VeryChic. It strengthened its operations in hotel bookings for business customers with the acquisition of Gekko 2018, and moved into the rental of collaborative workspaces by forming a partnership with Bouygues Immobilier *via* the acquisition of 50% of Nextdoor.

AccorHotels also became the global leader in the private sale of luxury and high-end holidays following the full acquisition of Travel Keys, Squarebreak and onefinestay, all of which are now grouped together under the onefinestay brand, the Group's provider of luxury serviced home rentals.

Lastly, AccorHotels seized complementary growth opportunities in events, food and beverage, and entertainment by acquiring stakes in Potel & Chabot and Noctis.

Enjoying strong growth in virtually all of its markets, the Group delivered a robust operating and financial performance, driven by both very substantial development of 51,413 rooms during the year and the consolidation of acquisitions and equity investments.

Bolstered by the cementing of its leadership, its diversification strategy and its digital innovations, the Group's robust fundamentals and broader ecosystem today position it as a leader in hospitality and a specialist in travel and mobility.

In 2018, which is expected to be a further year of very strong growth for the tourism market in the Group's key markets, AccorHotels' strategy will be based on the following priorities:

- sale of a majority stake in AccorInvest in the second quarter of 2018;
- faster organic development estimated at 45,000 rooms;
- consolidation of accretive new acquisitions in the hospitality industry;
- formation of new partnerships enhancing the Group's ecosystem;
- reinforcement of the Group's business model by combining acquired activities to design new service offerings, sources of unparalleled value;
- ramp-up of new initiatives, including convenience services.

In this way, AccorHotels aims to bring together a broad portfolio of offerings and expertise in the hotel industry, particularly the luxury segment and in new concepts for the Group such as lifestyle and resorts, and to consolidate its operations in non-hotel travel solutions (home rentals, etc.) and convenience services through strategic acquisitions and the launch of AccorLocal.

The Group will intensify its geographical expansion. In particular, it will step up its growth in highly dynamic markets, in China and emerging economies.

The digital plan will further strengthen the Group's digital and loyalty capabilities, and new digital solutions will be developed during the year.

Each of these strategic areas will be instrumental in driving the Group's performance today and in the future.

AccorHotels, a winner in a competitive sector

In line with 2016, AccorHotels continued its development at a rapid pace in 2017, in a favorable economic environment.

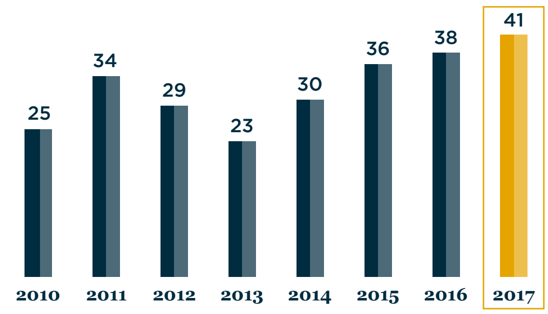
Sustained development, meeting growing global demand

AccorHotels' dynamic development and prime locations are key assets its growth.

A rapidly expanding hotel base

A total of 264 hotels and 40,802 rooms were opened organically worldwide in 2017. This record development is poised to intensify in the coming years, stabilizing at an average of roughly 45,000 rooms per year at cruising speed.

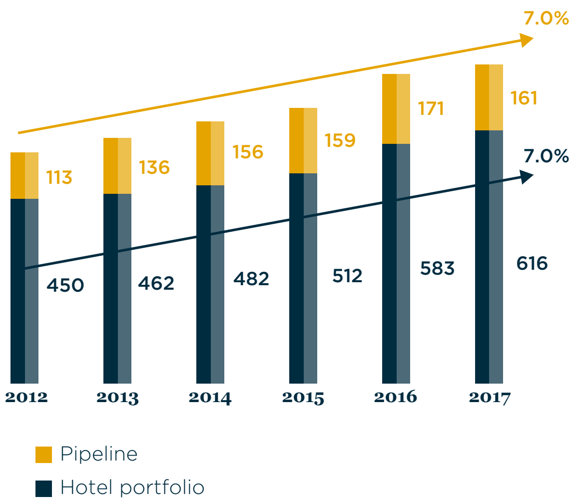
Record organic growth
(gross, in thousands of rooms)



More broadly, in line with the Group's overall growth strategy, management contracts and franchise agreements accounted for 94% of development, representing more than two hotel openings every three days and 140 rooms per day.

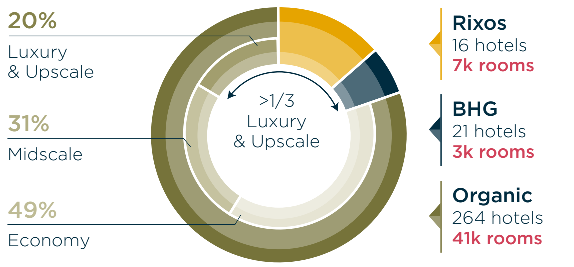
From 2012 to 2017, the Group's hotel portfolio and pipeline grew by an average of 7.0% each year, representing a conversion rate of 111%[1].

Robust growth in hotel portfolio and pipeline

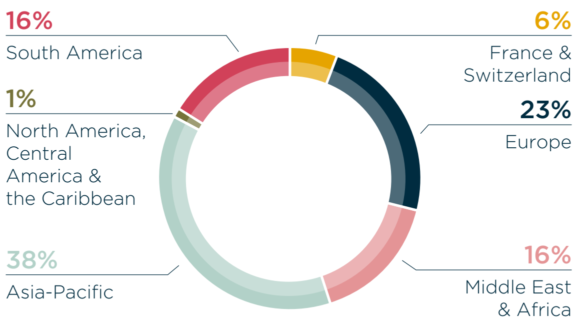


New hotels were opened in all market segments, in the same proportions as in prior years, with half in the ibis family which confirmed its strong potential throughout the world, a third in the Midscale segment and the rest in the Luxury segment where AccorHotels acquired strategic market shares, particularly in North America, with the integration of the Raffles, Fairmont and Swissôtel brands (FRS).

Breakdown of openings by segment at December 31, 2017



Geographical breakdown of openings at December 31, 2017
(gross, in thousands of rooms)



71% of openings in 2017 were outside Europe: 38% in Asia-Pacific, 16% in the Middle East & Africa, 16% in South America and 1% in North America, Central America & the Caribbean.

In Asia-Pacific, China was the driving force of the Group's development thanks to the strength of its strategic partner, Huazhu.

(1) The conversion rate corresponds to the Group's organic growth from 2012 to 2017 based on the 2012 pipeline.

Fast development in China, boosted by Huazhu

The Group's development in China was excellent, thanks to the strategic alliance with Huazhu signed in January 2016. Since the alliance was formed, AccorHotels has experienced a sharp acceleration in growth in the country through its Economy and Midscale brands, signing contracts with 177 hotels in 2017. More than 280 are currently under negotiation.

A total of 1,055 of the Group's hotels can now be booked *via* the Huazhu distribution platforms and 495 Huazhu hotels can be booked *via* the accorhotels.com platform. Members of the Huazhu loyalty program can also take advantage of AccorHotel's loyalty program.

Moreover, in view of Huazhu's strong growth in China, the 10.8% equity interest acquired in January 2016 for $193 million was worth $1.1 billion as of December 31, 2017. The 550% increase in two years has exceeded the Group's initial expectations and substantially contributed to its performance.

The Group also strengthened its presence in Brazil during the year.

Stronger leadership in Brazil

On March 2, 2017, AccorHotels announced that it had consolidated its leadership in Brazil, with the acquisition of 26 new hotels under management contracts (representing some 4,400 rooms) in the country's main hotel markets, for a total of €60 million.

Brazil offers considerable growth opportunities. The portfolio of hotels owned or managed by Brazil Hospitality Group (BHG), the country's third-largest hospitality group, represents a very good strategic fit with AccorHotels' Brazilian network. Thanks to the addition of a number of iconic hotels, the Group will significantly increase recognition of its brands in all segments of the Brazilian market.

The hotels will be extensively refurbished and repositioned. They will be transferred to AccorHotels banners by the end of 2019 under long-term management contracts.

The Group has also strengthened its presence in Asia-Pacific.

Reinforcing AccorHotels' leadership in Asia-Pacific

In October 2017, AccorHotels announced the signing of an agreement to acquire 100% of Mantra Group Limited, subject to the approval of the Australian regulatory authorities and Mantra shareholders. Under the terms of this agreement, AccorHotels will pay approximately €900 million in cash to the shareholders of Mantra Group Limited.

Trading under the Peppers, Mantra and BreakFree banners, Mantra Group Limited's establishments range from luxury beach resorts to hotel apartments in cities and major tourist destinations. Mantra Group Limited's know-how in apartment management represents a new growth opportunity for AccorHotels, allowing it to access new locations, new forms of accommodation and new customers, and complementing its hotel offering in Australia, New Zealand, Indonesia and Hawaii.

The merger of the two Groups will provide the new entity with new facilities, know-how and complementary offers, as well as better distribution and improved operating systems, reinforcing its growth.

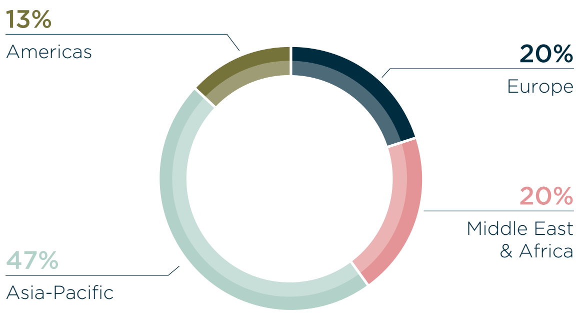
A pipeline supported by acquisitions and strategic partnerships

AccorHotels' very dynamic development is a real asset at a time when the Group, like all of its competitors, needs to consolidate its market share around the world and extend its leading positions, while raising the bar in terms of the return on investment in development.

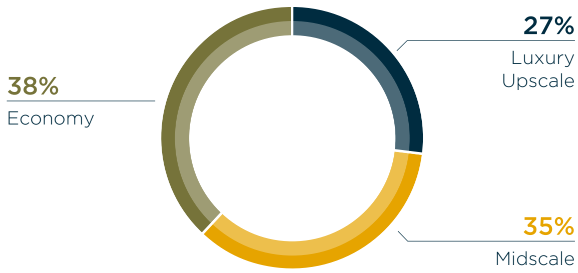
Since the addition of the Fairmont, Raffles and Swissôtel brands to the Group's portfolio in July 2016, AccorHotels has launched the development of 36 hotels (representing 26% of the total pipeline) and is expected to generate €65 million in synergies in 2018.

More generally, AccorHotels' development pipeline as of December 31, 2017 includes 874 hotels (161,000 rooms), with nearly 81% in fast-growing markets and 47% in the Asia-Pacific region.

Pipeline by region at December 31, 2017



Pipeline by segment at December 31, 2017



Accounting for 26% of the portfolio at the end of 2017, the pipeline spans all AccorHotels brands and segments. Markets tapped by the Group through partnerships and investments concluded over the last two years secure growth prospects and the promise of sustained development in the coming years.

As of December 31, 2017, the hotel base comprised 4,283 hotels and 616,181 rooms.

A solid global presence that benefits from a worldwide shortage of hotels

The hotel industry is the world's second most dynamic business sector. It is expected to drive 23% of job creations worldwide over the coming 10 years, and also to account for 7% of global exports[1].

Europe represents 50% of international tourism (global inbound tourist arrivals total 1.3 billion, of which 650 million for Europe and 85 million for France). Overnight stays booked in hotels worldwide totaled 7 billion in 2010 and 8.5 billion in 2017, and are expected to reach roughly 10.5 billion by 2020.

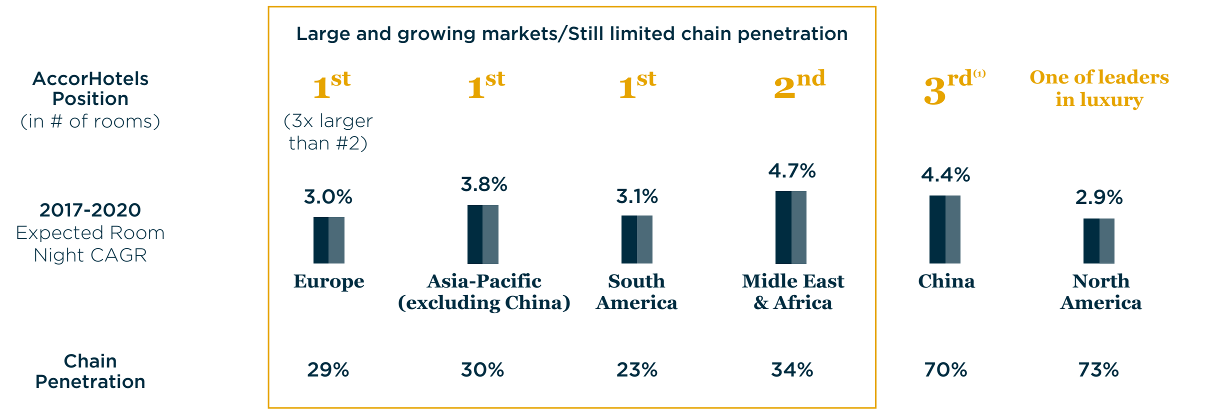
Spending on tourism and travel grew by 28% between 2010 and 2017, *i.e.* 3.5% per year, a pace that is poised to double to approximately 7% per year between 2017 and 2020[1].

The Group expects its growth to benefit greatly from this momentum in the coming years. With nearly 320,000 rooms in Europe, AccorHotels boasts the broadest footprint in Europe and France, bigger than those of its three main competitors combined. The same applies in emerging markets, where growth is strongest: in South America and Asia-Pacific (excluding China) where the Group is also leader, in the Middle East & Africa, and in China with its partner Huazhu.

Projected growth in tourism is significant in each of these regions, although hotel chain penetration rates remain relatively low.

Growth in overnight stays is set to continue in Asia-Pacific and the Middle East & Africa where hotel chain penetration stands at a respective 30% and 34% of supply, with projected annual rates of 3.8% and 4.7% respectively until 2020. The same goes for Latin America, where annual growth is expected to average 3.1% in the years to 2020, and where the hotel chain penetration rate is running at just 23%. It is also true of China, where hotel chain penetration is already much stronger (70%), in a persistently buoyant market, where growth is expected to average 4.9% per year until 2020.

Competitive positioning and development prospects in key markets



(1) *Including Huazhu.*

Overall growth is inversely proportional to the maturity of the markets in question. Europe's growth projection is a moderate 3.0%. However, spending on travel is greatest in these areas, and is projected to grow to $1 trillion between 2016 and 2020. By contrast, while spending on travel is lower in emerging markets, be they in Asia, South America or the Middle East & Africa, these markets enjoy higher growth rates in tourism, offsetting a lower average spend.

Benefiting from a balanced global footprint, the Group accordingly stands to benefit significantly from growth in international tourism flows in the coming years.

Chinese tourism abroad is intensifying each year, and Chinese tourists already spend twice as much as their American counterparts. Tourist arrivals are currently enjoying the fastest growth in Europe and Asia-Pacific, with rates of 8% and 5% respectively, compared with just 2% in North America.

But despite being very significant, these international tourist flows represent only about 30% of the global tourism market. Domestic travel accounts for more than 70% of travel and tourism expenditure, which is why the Group is also reinforcing its positions in countries where it is already a leader. Leisure also makes up a very large proportion of travelers' expenses, accounting for more than 75% of their overall budget. This is why the Group's acquisition strategy in the world of resorts makes so much sense.

The factors explaining the strength of emerging markets include burgeoning middle classes, as well as the advent of new generations who are more inclined, or more motivated to travel.

This is especially so since the overall cost of travel has declined in recent years, in large part thanks to private home rental platforms, which offer cheaper alternatives to hotels. Travelers want greater authenticity and originality, and their demand for this type of accommodation has surged over the last 10 years, as it has for cruises and other less standardized experiences.

(1) *World Travel & Tourism Council (WTTC).*

Against this backdrop, while the hotel industry is growing, it only managed to keep its share of all types of accommodation stable at 75% between 2005 and 2015, at a time when demand for overnight stays surged from 7.7 to 11.3 billion (+46%)[1].

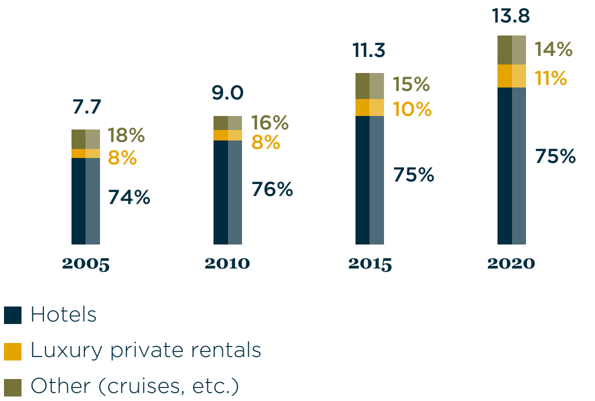
This shows that the hotel industry has kept pace with growth in global demand, but that demand has at the same time turned to other types of accommodation, which have managed to secure their market share at roughly 25% since 2005. Between 2005 and 2015, private home rental platforms (10% of accommodation at the end of 2015) gained 2 points on other types of accommodation (cruises, B&B, representing 15% of accommodations at the end of 2015).

These trends are expected to continue in the years to 2020, with growth in demand for overnight stays expected to average roughly 22% between 2015 and 2020.

The hotel industry's share is expected to remain stable at 75%, but the share of private home rental platforms is set to continue growing at the expense of other types of accommodation. This is what explains the Group's decision to acquire onefinestay in 2016 and Squarebreak and Travel Keys in 2017.

Demand by type of accommodation

(in billions of overnight stays)



While growth in the global hotel base will necessarily be restricted to around 2 to 2.5% per year due to the time needed to complete construction work, overall demand for accommodation is estimated at approximately 5%. Structurally superior to supply this trend is set to stay, guaranteeing the sector significant growth potential going forward.

The growing demand has encouraged a certain number of hospitality groups to increase their share of the global hotel offer, particularly in the last three years.

Consolidation of the global hotel sector

The last two years have seen unprecedented consolidation in the global hotel industry, led primarily by Chinese, American and European groups.

These M&A strategies are designed to help hospitality groups meet several core objectives:

- acquire new geographic growth drivers;
- deepen local hotel networks in fast-growing regions;
- enrich the brand portfolio and acquire brands in new segments;
- leverage guest loyalty programs;
- leverage synergies and economies of scale;
- expand the service offer;
- enhance the business model and corporate image.

International hospitality groups cannot just cover the most dynamic regions; they need to deepen their presence in these regions by establishing the banners that are most closely aligned with guest profiles and demand.

In addition to covering more geographic markets, hospitality groups with large brand portfolios cover a wide variety of segments; they are able to diversify their offering and propose a personalized guest experience. AccorHotels has chosen to position itself as its customers' travel companion by maximizing hotel comfort and developing service offerings backed by digital innovation to facilitate their stays.

Mergers and acquisitions enable hospitality groups to leverage the best aspects of the various loyalty programs, which can be combined, and to enhance the cardholder experience with rewards such as free hotel nights and exclusive offers.

Lastly, mergers and acquisitions create opportunities to pool best practices, share overheads, and generate significant economies of scale from operational and administrative synergies.

Taking advantage of these strengths, AccorHotels made a major contribution to sector consolidation with its July 2016 acquisition of the Fairmont Raffles Hotels International Group (FRHI) and its three flagship brands, Fairmont, Raffles and Swissôtel (FRS).

In the wake of this acquisition, which made AccorHotels a world leader in luxury hotels, our teams signed 38 new contracts in the period to end-2017, marking not only the success of the integration of FRHI into AccorHotels, but also demonstrating the intensification of the Group's development.

In line with consolidation between hotel players in recent years, digital technology has profoundly transformed the competitive landscape within the sector, enriching hotel service offerings in the process.

The industry's digital transformation, and its new players

Digital technology has been driving innovation at the very heart of the tourism and travel industry for several years. Numerous players in the digital field have penetrated the market, prompting the Group to put together an ambitious and innovative digital strategy geared towards serving its customers, partners and employees.

The multiplication of digital intermediaries

Online travel agencies, metasearch engines and, more recently, players in the collaborative economy have carved out big places for themselves in the hospitality industry in recent years.

(1) World Tourism Organization, Euromonitor International and the World Bank.

Their power lies precisely in being able to escape bricks-and-mortar constraints to focus their resources and expertise closely on the preliminary steps before the customer actually books a room, by publishing consumer opinions, highlighting the hosting ads generating the highest commissions for them and connecting people looking for accommodation with people who can provide it.

Online travel agencies

The online travel agency business model is built on combining the widest possible choice of offers, delivering an excellent experience to site users, investing in the brand to generate growth, and forging close ties with hotel operators and owners of rental properties.

The technologies implemented by these disruptors have quickly launched them on the wave of new customer consumption patterns, allowing them to gather significant amounts of personal information and to combine a vast number of offers.

Metasearch engines or aggregators

While exerting real influence on consumer behavior, metasearch engines also impact the reality of competition between hotel operators and online travel agencies – not to mention their margins – by taking the accommodation offers of the most generous hotel and digital players directly to prospects.

Unlike online travel agencies, which are paid by hotel operators on a commission basis for each booking made through them, metasearch engines allow hotel operators to freely set the price they would like to pay for each click made by a prospect on their advertisement, determining the price display ranking on the results page on that basis. This transforms digital players into advertising channels that hotel operators evaluate on the basis of the return they offer on their advertising spend.

Moreover, two metasearch engines recently decided to expand their business into direct hotel bookings *via* their website. Building on their joint digital expertise with online travel agencies, a number of metasearch engines have been purchased by such agencies in recent years. Other hybrid formats are also blossoming, combining a pay-per-click model based on the total cost of the potential booking and a performance-based model taking a percentage of the bookings made.

Responding to the very rapid emergence of these digital players and their growing share of hotel sales, the French competition authority, in agreement with the European Union, has sought to address hotel operators' concerns by establishing regulatory principles guaranteeing a more level playing field for the various players in the hospitality industry, taking into account their respective specific characteristics.

More balanced regulation of the hotel offer

Commission-based digital platforms can generate between 7% and 20% of a hotel group's total sales. The challenge for hospitality groups is to increase their direct sales *via* their hotels or websites.

Until July 2015, hospitality groups were denied the possibility of offering lower prices than those quoted by online agencies that listed their hotels, either on other platforms or on their own websites. In response to a 2013 complaint lodged by hospitality industry federations, to which AccorHotels signed up in February 2015, the French competition authority and the government, through the Macron Act dated August 6, 2015, have rebalanced commercial and partnership relationships between online agencies and hotel operators. The new rules are based on a few simple principles:

- a digital platform can no longer prevent a hotel using its services from offering the same deals at lower rates on other platforms, or directly on site, by phone or by email;
- hotel operators are free to charge the rates they want, and can display more attractive rates on their websites than those offered by online agencies;
- hotel operators can now reserve for their direct sales channels (offline and online) a higher number of hotel nights than that offered by online agencies.

These simple common sense measures are important in that they give back to hotel operators the commercial and pricing flexibility they had lost, while allowing those that wish to do so to benefit from the efficiency of online booking platforms. This has positively impacted hotel profitability, particularly in France and Germany, by enabling margins to be reintegrated into the hospitality businesses.

The challenge lies in striking the right balance between online agencies, which provide hotel operators with business volumes that they would not have secured otherwise, and the hotel operators' freedom to conduct their business on their own terms, bearing in mind that the agencies' technology-driven business model leads them to invest heavily in raising the visibility of the hotels presented in their catalogues, while hotel operators have obligations, cost structures and margins that cannot be undermined or they will not survive.

The key challenge for AccorHotels is to tap customers who would not have chosen one of its hotels without the intermediation of these agencies by making them want to make their future hotel bookings directly through the Group rather than *via* online agencies.

Other digital disruptors, competing more directly with conventional hotels, have also made the choice to offer their customers the rental of private homes.

Alternatives to conventional hotels matching new expectations

This new form of competition, operated by rental platforms offering private homes, is being waged outside the hotel market, in the market for private residences made available to these platforms by their owners. Some platforms simply put people looking for accommodation in contact with people who can provide it, without providing any other services, while others enhance the relationship by offering additional services.

Responding to new consumer aspirations, their offerings focus on residences marketed as authentic and unique, providing an exclusive customer experience by virtue of their personalized nature.

The Group saw this new trend – which is akin to offering basic hotel services without being a hotel – as an opportunity for diversification, in the same way as the private sale of luxury vacations, hotel distribution for business customers, and new service offerings that the Group has taken on board through acquisitions made in 2016 and 2017.

More digital, these new activities nevertheless place the customer experience at the center of their strategy.

Creating an ecosystem of coherent services

In an environment shaped by the accelerating pace of change in both technologies and usage, the arrival of new digital disruptors and the need to refresh the codes of the conventional hotel market, the Group has meticulously crafted a new ecosystem in a comprehensive approach to digital challenges, with a view to enhancing the exclusive nature of the experiences offered to guests.

Digital innovation as a customer experience enhancer

The hotel operator, central to the exclusive experience sought by guests

Hotel operators benefit from undeniable competitive advantages when it comes to making a difference on the ground and pursuing their growth in a very competitive environment. They can create customer preference by offering a wide choice of products, strong brands, competitive prices, innovative digital tools and – last but not least – memorable experiences to attract and retain them, fostering closer relationships through the loyalty program.

This is compounded by the fact that guests have upstream access to all the necessary information on hotels and their services *via* online agencies and metasearch engines, allowing them very quickly to get a good grasp of the products on offer and access the opinions of fellow consumers.

Undoubtedly, this is what makes the human touch so important as a differentiating factor in today's market. Regardless of the distribution channel used by the guest, the operator is still central to the customer's experience in the hotel. Ensuring that the experience of staying in the hotel is a pleasurable one is the only way to retain loyalty to the hotel, the brand or AccorHotels, thereby prompting guests to use the Group distribution channels the next time they travel *via* the loyalty program. The relationship established between an agency or a metasearch engine and a customer cannot be self-sufficient, precisely because the intermediary is in no way the custodian of or responsible for the hotel services provided to guests by the hotel operator. This is why service must be as closely aligned with customer expectations as possible.

Today's travelers are looking for personalized experiences, which was not the case a decade ago. They want to be pleasantly surprised by the service in their hotel, by its staff – and by its setting. This puts the onus on the hotel operator to work on the design, architecture, furniture or food and beverage offerings of its various venues.

Hotel operators have the capacity to provide the services sought by guests, and the viral nature of information – considerably amplified by price comparison websites that are an integral part of the competitive space – must be leveraged to drive growth. To integrate these new trends into its business model and profoundly modernize its digital tools and the digital experience of its customers, partners and employees, the Group has over the last four years implemented a wide-ranging digital plan aimed at meeting these challenges.

An efficient digital sales and loyalty ecosystem to ensure the best experience for Group customers and to drive value creation for its partners

Digital technology is a potent accelerator of personalization. This is why AccorHotels has profoundly modernized its digital services at all stages of the customer experience and started rolling out a database known as the Accor Customer Digital Card (ACDC) to gather customer data with a view to facilitating predictive analysis of individual preferences and delivering the highest level of personalization during peoples' stays. Already in place in 1,500 hotels at the end of December 2017, ACDC will from June 2018 allow all of the Group's hotels to know their customers better, drawing lessons from their previous stays and their consumption patterns to inform them of any specific expectations in terms of welcome, service…

It all starts with a desire to travel. With that in mind, to help prospects choose the offer corresponding to their needs among the 24 hotel brands and 4,283 hotels comprising the Group, accorhotels.com lists some 2,270 different destinations. Six new brands were added to the platform in 2017. Translated into 18 languages, accorhotels.com receives an average of 12 million visits each month.

At the same time, AccorHotels decided to facilitate its customers' mobile uses, rolling out a single mobile app combining its 25 brands, along with services designed to streamline service before, during and after their stays. It allows one-click booking, which makes it a lot easier to book a stay. The French travel industry's second-most-popular mobile application, the AccorHotels app is downloaded an average of four times each minute. Recording 2.9 million monthly visits and getting 14% of its visits from the web, it increased its revenue by 66% year on year in 2017.

Downstream, the AccorHotels reservation system (TARS) is extremely efficient. Registering an annual business volume of €7.7 billion, it responds each second to 280 availability requests, adjusting 9 million prices every day and logging 1.7 bookings per second. In 2017, the system recorded its 400 millionth booking since its implementation in 1996 and logged a record 210,000 bookings per day in October. The look-to-book ratio, reflecting the number of queries on our IT infrastructure prior to each reservation, was up 65% in 2017 compared with 2016, and has increased by 450% since 2014.

In support of these essential tools as leverage for booking volumes, AccorHotels sends its customers 1.2 billion increasingly personalized e-mails every year.

Partnering with roughly 20 search engines, its activity also involves the mobilization of 47 sales offices and the commitment of 700 sales representatives.

To give its customers as much help as possible in preparing their stays, AccorHotels also offers travelers 70 guides to the world's most popular cities on accorhotels.com.

Once at their hotel, customers have the option of checking in online instead of at the reception desk. Up 14% in 2017 compared to 2016, this option is increasingly popular, as are the fast check-out solution (up 288%) and the dematerialization of payment solutions.

Lastly, once their stay is over, AccorHotels gives its customers the opportunity to share their feedback on Voice of the Guests, a centralized customer platform accessible in each of the Group's hotels since the end of 2015 and developed by TrustYou, international leader in e-reputation management. TrustYou's role is to analyze customer feedback, share it with employees, interact with customers *via* satisfaction surveys, and respond to them on social media and customer review sites. It also compares the performance of the Group's hotels with those of competitors. The system is of critical importance for AccorHotels, enabling it to assess the quality of the services it provides the 25 million fans who regularly share their experiences of AccorHotels' hotels on social networks.

After its customers' stays, AccorHotels awards them loyalty points, maintaining frequent contact with them through its loyalty program, Le Club AccorHotels.

This is the whole purpose of the loyalty policy, and the Group's work to recast it in recent years is already starting to pay off.

Le Club AccorHotels: loyalty as a growth driver

21,000 new members join Le Club AccorHotels each day.

Le Club AccorHotels plays a key role in promoting the loyalty of the Group's guests. Its primary purpose, based on customer recognition and satisfaction, is to drive a steady increase in market share thanks to the quality of the personalized relationship formed with guests.

Le Club AccorHotels members proportionally consume more than other guests because they can redeem their loyalty points, which tends to encourage consumption. They are also generally more active and on average generate more revenue for the Group.

With this in mind, the Group's loyalty programs have been largely recast over the past four years, resulting in a 100% increase in the number of cardholders since 2014, bringing their number to 41 million at the end of December 2017. Forty partnerships, particularly in the automotive, rail, hotel and restaurant sectors, have been concluded for Club members.

The Group's various loyalty programs – Le Club AccorHotels but also the programs operated by Raffles, Fairmont and Swissôtel, and that of Huazhu, the Group's partner in China – have increased its visibility with 145 million cardholders, including 100 million in China, through earn, burn and other benefits.

Cardholder growth is central to the strategy to expand AccorHotels' market share, as it directly influences the Club's contribution to total revenue. This contribution has grown steadily over the last four years, climbing from 24% in 2014 to 28% in 2015, 30% in 2016 and 31% in 2017, captured directly through Group loyalty programs. Locking in a growing share of revenue is an essential defensive weapon against all forms of competitive attack, because the revenue concerned is not controlled by other market players and does not risk being appropriated by them.

The Group's Only-on program offering special rates to Club members who book on line has further helped to lock in new cardholders, who contribute more to revenue, while also providing the Group with high-quality customer data.

Securing customers is eminently strategic in a sector as competitive as the hotel industry. But hotel operators who do not belong to a network often do not have the means to capitalize on a sufficient base of loyal customers guaranteeing their profitability, and as a result depend on their online visibility to attract new guests. The use of costly online travel agencies takes too much off their margins to be sustainable over time.

This is what inspired AccorHotels to acquire Fastbooking and Availpro, with a view to offering dedicated digital services to independent hotel operators, helping them find a space on the internet and beef up their distribution.

Consolidation of digital services for independent hotels

AccorHotels took over Fastbooking in June 2015. Specializing in independent hotel services, it is the backbone of the Group's digital factory.

Fastbooking is developing a broad range of digital services that enable hotel operators to improve their e-reputation and build up their online visibility and reinforce their direct distribution strategy.

In April 2017, AccorHotels announced the acquisition of Availpro with a view to broadening and strengthening Fastbooking's service offerings and creating the European leader in digital services for independent hotels.

Acquisition of Availpro

Created in 2001, Availpro is the leader in France and one of the leading European providers of digital solutions to hoteliers, with more than 6,500 clients.

In an expanding and highly competitive sector, the companies will work together for the benefit of hotel operators, who are increasingly calling for decision-support solutions and will now have access to a whole range of management tools and assistance services to enhance their online distribution and increase their revenue.

The "channel management" solution, which provides an innovative management tool, together with various software packages developed by Availpro, complement the products and services currently provided to hoteliers by Fastbooking.

The consolidation of these two major players will create the leading European digital services provider for independent hotels, ranked the third largest global player in its sector.

By combining the talents of these two companies – whose expertise is recognized in more than 50 countries worldwide – AccorHotels is now able to offer its hotelier clients an ever wider, more innovative and high performance application suite, enabling them to increase their online visibility and sales. Availpro clients also benefit from the know-how of the Fastbooking teams in terms of digital marketing.

Concurrently with the development of the hotel offer *via* accorhotels.com and its suite of digital services for hotel operators, AccorHotels has decided to play a bigger role in the collaborative economy, also known as the sharing economy. This trend only emerged recently, but has gained considerable traction in a very short space of time and is spreading rapidly throughout the world, in all industries. Representing an economic system that many people crave, its attractiveness lies in its convenience and low prices, as well as in the speed and ease of transactions.

Consolidation of the luxury serviced home rentals business

Diversify by capitalizing on hotel expertise and tailored concierge services.

In just over a year, AccorHotels has become the world leader in the rental of luxury private residences, complementing its traditional hotel business with new, non-hotel offers offering significant growth potential.

Enriching the Group's legacy core business, this new segment is aimed at different customers whose aspirations are focused on authentic and personalized products. AccorHotels felt it was important to broaden the range of its products to tap this new demand, where the booking average is higher than in the hotel business at roughly five nights for four people, compared with average bookings of roughly two nights for two people in hotels.

So after acquiring the onefinestay luxury home rental platform and acquiring a stake in Squarebreak, AccorHotels pursued its investments in 2017, creating a new business unit specializing in luxury serviced home rentals.

Acquisition of Travel Keys

AccorHotels acquired Travel Keys in February 2017. Travel Keys is a world leader in the luxury private rental market, offering a catalog of more than 5,000 exceptional villas benefiting from very high-end hotel services.

The deal allowed the Group to add to its promise of exceptional customer experiences some of in the most beautiful private homes in the most stunning settings in the world, in the Caribbean, Mexico, Hawaii, the United States, Europe, Asia and Africa.

Acquisition of Squarebreak

AccorHotels also signed an agreement with the founders of Squarebreak in July 2017 to buy the company in full. AccorHotels had previously acquired a 49% stake in this leading French villa rental company in February 2016.

By combining onefinestay, Travel Keys and Squarebreak, AccorHotels has crafted a unique offering of nearly 10,250 addresses in the luxury home rental market, in both vacation and urban settings.

To consolidate these three networks positioned in the same segment, the Group decided at the same time to create a specific business unit dedicated to renting exceptional homes, combining the three companies under the onefinestay brand.

Combination of Squarebreak, Travel Keys and onefinestay under the onefinestay brand, the world leader in the rental of luxury private villas

The integration of the three innovative platforms will allow onefinestay customers to access nearly 10,250 of the world's finest residences, villas and apartments together with professional hotel and concierge services.

Under the supervision of managers hailing from the three brands, onefinestay covers the world's most popular destinations – cities including Paris, New York, Los Angeles, Rome and San Francisco, exotic islands such as Saint-Barthélemy and Bali, and Mediterranean getaways in France, Italy and Greece.

This new step in consolidating onefinestay's leadership endows the new business unit with a robust platform, a broad and complementary offer and efficient distribution giving it great scope for international growth.

At the same time, the Group expanded its distribution activities by acquiring Gekko, a specialist in hotel distribution solutions for business customers, and VeryChic, a digital platform for the private sale of luxury hotel rooms, apartments, cruises, vacations and packages.

Diversification of the Group's distribution channels and customers

Acquisition of Gekko

The acquisition of Gekko in January 2018 is part of AccorHotels' strategy of strengthening its leadership across the customer value chain by rounding out its service offering for business travelers. AccorHotels' strong international presence combined with Gekko's technological leadership has created a world leader in B2B hotel distribution.

Business tourism is a key part of the Group's business. Gekko can meet the specific needs of business customers throughout the value chain, through its subsidiaries HCorpo (key accounts), Teldar Travel (leisure travel agencies), Teldar Travel Biz (travel agencies for SMEs), Miles Attack (loyalty program) and Infinite Hotel (wholesaler dedicated to independent French hotels).

Gekko gives the Group a network of 300 large companies and 14,000 travel agencies, and extends its sphere of influence in terms of distribution *via* a connected interface to 500,000 hotels around the world, across all segments. The Group now also has a range of innovative turnkey management tools for these customers, enabling them to manage their payments online, and to track and optimize their expenses.

The Group has also acquired VeryChic, a European leader in the private sale of luxury and upscale vacations.

Acquisition of VeryChic

Created in 2011, VeryChic has 7 million members worldwide and enables more than 4,000 luxury and upscale hotel partners to optimize their distribution through its private sales. VeryChic carefully selects the hotels on offer, located in approximately 40 countries worldwide, to guarantee a unique experience for each of its members.

Thanks to a robust business model, VeryChic offers, *via* its website and mobile application, more than 4,000 exclusive private sales at attractive prices throughout the year to more than 5 million members. The quality and competitiveness of its offers mean 50% of customers are repeat customers.

Generating significant booking volumes, nearly half of which on mobile devices, VeryChic will strengthen AccorHotels' expertise in the design of exceptional private sales, and AccorHotels will boost VeryChic's international development to make it the world leader in its sector.

The Group has also acquired a 50% stake in Nextdoor, a company specializing in the rental of collaborative workspaces, in partnership with Bouygues Immobilier.

Diversification into corporate property

Acquisition of 50% of Nextdoor in partnership with Bouygues Immobilier

The collaborative workspace market is expanding rapidly. Within five years, flexible spaces are expected to represent between 10% and 20% of office space in France, up from just 2% today.

To take full advantage of this growth, AccorHotels and Bouygues Immobilier joined forces in July 2017 to create Nextdoor, the European leader in hospitality business. This alliance brings AccorHotels into a new segment that meets the shifting needs of businesses, which are looking for increased flexibility and digitization, better quality of working life, professional mobility and new collaborations.

At the end of 2017, Nextdoor had more than 4,000 customers and already operated eight sites in France. Integrating an innovative property offering, these new workplaces offer an expanded choice of services and solutions to facilitate networking and 24/7 availability.

Nextdoor's main short-term priority will be to secure the best locations and quickly achieve critical mass in Europe, with the goal of creating 80 workspaces in Europe by 2022, opening 10 to 15 new sites each year starting in 2018.

The Group has also made targeted equity investments in the food and beverage, entertainment, and events segments through Noctis and Potel & Chabot.

Diversification in food and beverage, entertainment, and events services

Acquisition of 31% of Groupe Noctis

AccorHotels has acquired 31% of Groupe Noctis, a key player in events, food and beverage, and entertainment, drawing on a catalog of superlative venues in France and abroad.

By investing in this top-tier Paris-based entertainment specialist, the Group is cementing its leadership among international and local customers in search of new and exclusive venues, and enriching the experience of its customers, wherever they hail from.

Noctis has 800 employees and organizes more than 3,000 events each year. Endowed with one of the most prestigious and emblematic portfolios of assets in Paris (including Monsieur Bleu, Loulou, Pavillons des Étangs, YOYO, Château de Longchamp, Rasputin and Castel), the Group plans to open a further ten establishments that will intensify AccorHotels' commitment to the hospitality and entertainment market.

At the same time, AccorHotels will take advantage of Noctis' expertise in customer experience, loyalty and high-end personalized services to meet the needs of business customers.

AccorHotels has also acquired 40% of Potel & Chabot, the French leader in prestigious receptions.

Acquisition of 40% of Potel & Chabot

Through this alliance, AccorHotels is joining forces with an iconic brand boasting an unrivaled position in France topped off by important international growth potential.

With unparalleled expertise in the organization of tailor-made prestige receptions, Potel & Chabot has become the leading player in the luxury and premium segments, organizing its events in some 600 international locations.

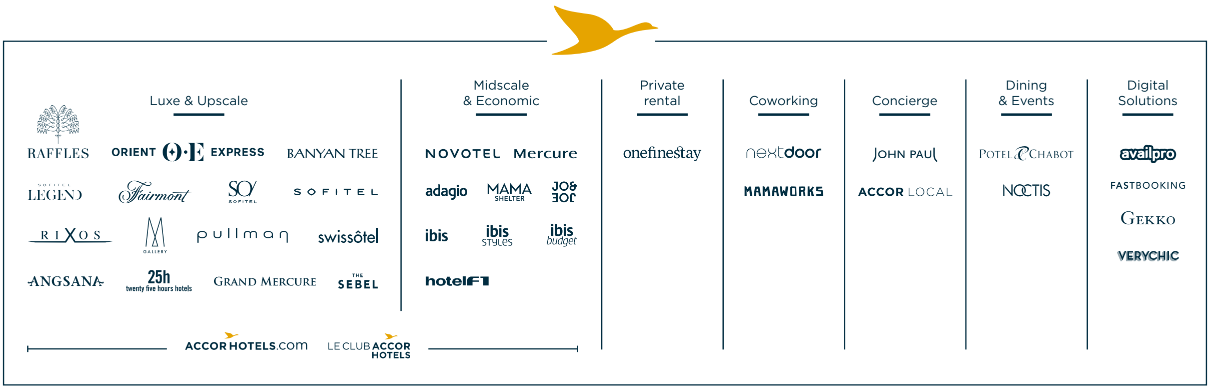
Potel & Chabot's offering is spread over three activities, mainly B2B, very complementary to those of AccorHotels: receptions for large companies and private customers, exclusive management of unique reception venues in central Paris (Pavillon Vendôme, Pavillon Seine, Pavillon Kléber, Pavillon Gabriel, Hôtel d'Évreux, Pavillon Cambon Capucines and Pavillon Dauphin), and major sporting, industrial and cultural events (including the Roland Garros French Open, the *Biennale des Antiquaires,* the 24 Hours of Le Mans and the Saut Hermès).

AccorHotels plans to leverage Potel & Chabot to develop innovative and refined food and beverage solutions for its customers in hotels, its guests in private residences and local residents seeking personalized concierge services.

Through these various investments, AccorHotels is not only keeping pace with the trends shaping its industry, it is also reinventing itself by capitalizing on new growth and value-creation drivers. Countless opportunities for emulation and synergies exist between AccorHotels and its partners, as well as between its partners themselves, each contributing to a rich ecosystem of hospitality services that offers new growth prospects.

At the same time, AccorHotels continued to expand the number of brands in its portfolio, bringing it to 25 in 2017.

Expansion of the AccorHotels brand portfolio



Consolidation of the luxury brand portfolio

In July 2016, AccorHotels acquired the flagship brands Fairmont, Raffles and Swissôtel (FRS), considerably strengthening its positions in the luxury market. The Group has also entered into strategic partnerships with Banyan Tree and Rixos Hotels to round out its coverage of the international luxury resort market.

Strategic partnership with Banyan Tree

Luxury resorts are one of the most dynamic markets in the hotel industry. To benefit from growth in this market and extend their leadership in this segment, AccorHotels and Banyan Tree have concluded an alliance facilitating the development and management of new hotels by AccorHotels, under the Banyan Tree, Angsana, Cassia and Dhawa brands.

With key positions in Asia, Banyan Tree operates 43 hotels and properties, 64 spas, 77 shopping malls and three golf courses in 28 countries. Banyan Tree adds to the wide array of brands and experiences associated with AccorHotels. Leveraging the Group's international presence and its expertise in distribution and loyalty, Banyan Tree's brands are distributed on the AccorHotels bookings and sales platform, and are eligible for the Le Club AccorHotels loyalty program.

AccorHotels further strengthened its position in this segment by entering into a partnership with Rixos Hotels in February 2017.

Strategic partnership with Rixos Hotels

Rixos Hotels is one of the world's fastest-growing resort operators in the Europe, Middle East and Africa region, with a strong presence in Turkey, the United Arab Emirates, Egypt, Russia and Europe. The partnership will allow AccorHotels to add attractive leisure destinations to its offer, making it one of the leading operators of resorts in a rapidly expanding market.

AccorHotels and Rixos Hotels will jointly develop and manage Rixos-brand resorts and hotels throughout the world. AccorHotels has already added its 15 flagship hotels in the upscale resort markets to its network, and plans to add a further eight, including three in Dubai, Abu Dhabi and the Maldives, by the end of 2018.

Combining traditional Turkish hospitality, a unique spa experience in an idyllic setting and a luxury atmosphere, the Rixos Hotels resorts are renowned for the exceptional quality of their infrastructure, food and beverage offering and leisure activities. The partnership will therefore enable AccorHotels to further enrich the range of its offerings by operating hotels located in large leisure complexes.

As such, these strategic alliances serve to raise AccorHotels' brand awareness and give it a more balanced brand portfolio. They also broaden its footprint in previously unexplored markets and open up new development prospects.

AccorHotels took this strategy further in October 2017 by signing a strategic partnership with SNCF to develop a new collection of prestigious hotels under the Orient Express brand on an international scale.

Acquisition of 50% of Orient Express in partnership with SNCF

The Orient Express brand is a timeless symbol of the art of luxury travel, imbued with culture, splendor and refinement. Orient Express further expands AccorHotels' luxury hotel offering by opening up a new field where its know-how in the art of travel can express itself, offering its customers the chance to benefit from a prestigious offer of services and unique experiences.

A quintessence of the art of travel, symbolized by the legendary train that marked history, the future collection of prestigious hotels will offer a unique experience, brimming with history, blending the luxury, exoticism and refinement of East and West in emblematic destinations.

Operated by Orient Express, the seven historic cars will also provide an exceptional setting for the organization of travel, events and private functions, in connection with other AccorHotels activities such as those of Potel & Chabot, Noctis and John Paul.

The various acquisitions and equity investments made by AccorHotels in 2017, whether in expanding its brand portfolio or diversifying its activities, will enable the Group to build up a coherent ecosystem of complementary offers and services, giving it new growth drivers in areas such as convenience services.

Diversification into local services with AccorLocal

Capitalizing upon the John Paul's expertise, AccorHotels is expanding its business model by becoming a multi-service specialist in travel and mobility.

AccorHotels' 80 million annual customers visit a Group hotel on average three times a year. The challenge for the Group is therefore to be present at every stage of the customer journey and thereby increase the number of contact points and opportunities to interact with customers, whether they are using its private residence rental platforms, its hotel chains or the various services that the Group offers through its ecosystem, in gastronomy, concierge services, entertainment or workspaces.

It is with this in mind that AccorHotels has marked a new stage in the diversification of its activities with the launch in France of AccorLocal.

Capitalize on the Group's hotel expertise and assets to offer new services and reach new customers

For 50 years, AccorHotels' hotels have welcomed travelers throughout the year, offering them the best experiences. Millions of guests around the world have placed their trust in its hotel expertise. Whenever they walk through the doors of one of its hotels, at any time of the day, they are assured of finding a range of customized services offered by more than 250,000 enthusiastic staff with unique know-how in the field of reception and service.

Operating in 99 countries, the Group's hotels have to date only interacted with their customers during their travels, without imagining that their location could also give them a greater role, particularly among locals. People living near AccorHotels hotels represent roughly six times the traveling population worldwide, and as such constitute a considerable potential growth driver.

This makes AccorLocal and its array of services look like a particularly compelling means for each of the Group's hotels to forge links with local residents, not only as a means of making them more aware of the AccorHotels ecosystem but also to cultivate their long-term loyalty, AccorLocal is an opportunity to make hotels and their opening hours more profitable by increasing their activity, especially during quieter times of the day.

Services that facilitate and enrich local residents' daily lives

As genuine living spaces in the heart of cities, today's hotel are expanding their activities to other hospitality solutions. AccorLocal allows residents to access the services of local craftsmen, shops and other service providers in AccorHotels hotels operating in their neighborhood, and to access a range of hotel services offered by these hotels.

Through AccorLocal, hotels are now able to define the range of services they wish to offer based on identified local needs (including through partnerships) and their own relationships with local small businesses and traders.

AccorLocal is currently up and running in major cities and capitals around the world, offering nearly 3,000 active users access to hundreds of services in more than 250 hotels in France *via* a dedicated e-concierge application. The app presents the local service selected by the customer for the desired time, and tells the selected hotel and merchant what services to prepare. The Group brings together local experience, hotel expertise and digital fluidity to offer residents, hotels and local businesses a new way of interacting with their neighborhood.

In line with the initiatives taken in the lifestyle segment, these hotels will open their doors to the people living in the neighborhood, quickly turning them into places where people can interact and work together, giving them a role in local life in the spirit of the Jo&Joe brand's Open House concept.

By placing the wealth of its offerings at the service of neighborhood life, AccorHotels is inventing a new model that creates social bonds and value for small businesses, local communities and hotel operators alike.

AccorHotels' future model

2017, AccorHotels' 50th anniversary year, marks a turning point in its history.

AccorHotels decided to undertake a major transformation of its business model by creating the conditions for new development potential, for itself and for AccorInvest.

AccorInvest, a central but soon-to-be-separate AccorHotels partner

Formerly an owner-investor, AccorHotels is refocusing on an asset-light model, following the lead of its rivals, which separated their businesses back in the 1990s.

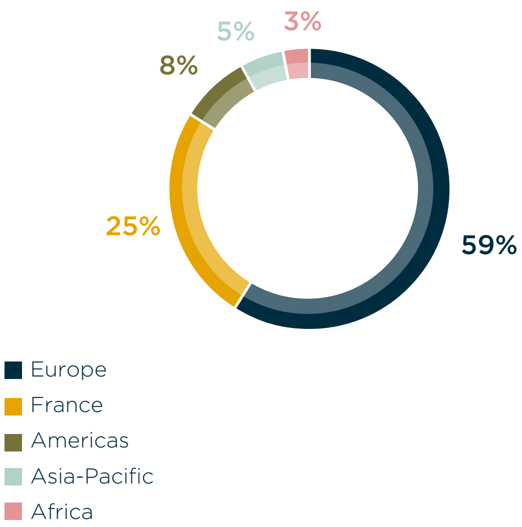
AccorInvest enjoys the legacy of HotelInvest's sound fundamentals

The HotelInvest business line has undergone a major transformation since November 2013 and has helped to improve the Group's performance and value creation model.

Now restructured and consisting of attractive hotels generating robust cash flows, the HotelInvest portfolio, renamed AccorInvest, today delivers performances comparable with those of the world's leading property companies. The portfolio still enjoys immense growth potential in a European hotel industry that is still far from mature.

Breakdown of the hotel portfolio by region at December 31, 2017

(% based on number of rooms)



90% of the hotels owned by AccorInvest are located in Europe, which is renowned for its stable property markets and easily predictable returns.

The valuations of 80% of the Group's sites are immune to wide fluctuations, being located in city centers or in highly sought-after locations.

With 90% of Economy and Midscale hotels operating under the ibis, Novotel and Mercure brands, the portfolio is also fairly well sheltered against cyclical swings in business volumes.

Lastly, with 60% of the hotels fully owned, AccorInvest's portfolio offers management flexibility, making it adaptable to the Group's future restructuring needs.

Determined by aggregating its various portfolios, AccorInvest's gross asset value, corresponding to the fair value of the hotel properties owned outright and the fair value of all the hotels' goodwill, whatever the operating method, is a reliable estimate of its value.

Turning over assets enables AccorInvest to increase the value of the portfolio and boost its operating profit, notably by reducing the number of leases.

Between the end of 2013 and 2016, the gross value of AccorInvest's assets increased by 69%, from €4.5 billion to €7.6 billion, with €1.1 billion from portfolio restructuring (€2 billion in acquisitions and €800 million in disposals) and €0.7 billion from development through hotel acquisitions and construction, representing a total net investment of €1.8 billion. Asset performance has improved significantly in the wake of more than 600 real estate transactions. Sources of losses have been eliminated by selling unprofitable hotels, renegotiating high rents and buying portfolios of rented hotels. The dynamic management of these assets and restructuring increased the value of AccorInvest's portfolio by €1.5 billion. Profitability has at the same time staged an impressive recovery, with the operating margin firming from 4% in 2013 to 8.3% in 2016.

Between restructuring and value creation derived from hotel earnings in the amount of €1.2 billion, the Group created total value of €2.7 billion between the end of 2013 and the end of 2016, with the total number of hotels concurrently declining from 1,500 to fewer than 1,200.

AccorInvest enjoys attractive growth prospects

The significant nature of the recovery achieved in just three years does not limit scope for growth going forward. Five-year growth projections point to the achievement of EBITDA of €900 million (up from €600 million in 2016) and an EBITDA margin of 25% (up from 15% in 2017). The value of the asset portfolio is also poised to climb from a gross asset value of €6.6 billion at the end of 2016 to €10 billion by 2021.

	HotelInvest 2013	HotelInvest 2016	HotelInvest 2021
Hotels	1,250	1,000	900
No. of rooms (in thousands)	160	135	100
Revenue (€ billion)	4.1	3.9	3.7
EBITDA (€ million)	425	600	900
As a %	10%	15%	25%
Gross asset value (€ billion)	4.0	6.6	10
% owned		58%	77%

AccorInvest's medium-term objective is to deliver a yield of 10% per year, half in dividends and half from the appreciation of the gross asset value of its portfolio, reflecting the impact of three drivers:

- ongoing restructuring focused on the best-performing assets, with some portfolios still subject to variable-rent leases for which solutions are currently being sought;
- hotel repositioning operations, with a major capital spending budget earmarked for bringing many hotels into compliance with current market standards based on their location, changes in local supply and the potential offered by each market. AccorInvest already has a specific plan in this respect, hotel by hotel, so that planned renovations consolidate the Group's market share and create value;
- renewed development momentum, backed up by hotel building and acquisition plans in key locations.

A sale to free up new resources and increase growth for both groups

AccorInvest has demonstrated an ability to deliver convincing results dating back to HotelInvest's creation in 2013, underscoring the credibility of its teams. This acknowledged expertise is further compounded by the unwavering stability and assurance provided by long-term management contracts with AccorHotels as a basis for future growth.

The spin-off and sale of AccorInvest to investors is an essential step aimed at giving both groups the means to intensify their growth.

The challenge is to bolster their respective capacity for action by freeing up new financial resources allowing them to focus fully on their own interests, which differ greatly due to the nature of their respective businesses.

- AccorHotels becomes a Group dedicated to cash generation, with high margins matching those of its main competitors;
- AccorInvest is fully focused on the return on its real estate investments and the optimization of its portfolio.

AccorInvest needs significant resources to continue buying property, to reposition and renovate its hotels, and to open new ones. The financing needs underpinning this strategy are high. At the same time, AccorHotels must invest in its brands, in the gain of new management contracts, in new services, and in digital technology.

In addition to accelerating their development, the arrival of new investors within AccorInvest will give the two groups the financial capacity to strengthen their resources, allowing them to seize new growth opportunities while leveraging the strong synergies offered by their close business ties.

AccorHotels and AccorInvest will both have balance sheets suited to their respective models, with little debt and few assets for AccorHotels, and a greater volume of assets and liabilities for AccorInvest. The two companies' performances will now be measured on the basis of very distinct criteria, corresponding to the reality of their business.

Their financial resources, their profitability and their growth will henceforth be totally focused on the interests of their respective business models and the creation of value for their shareholders. The consolidation of their leadership positions will be assessed on the basis of valuations that reflect solely the intrinsic quality of their specific models and growth outlooks.

Process to turn AccorInvest into a subsidiary and sell a majority of its capital

Structuring of the AccorInvest Group

Internal reorganizations on a global scale, essentially a legal separation of the HotelInvest and HotelServices activities (involving more than 400 subsidiaries), were completed at the end of the first half of 2017, as were the tax processes resulting a moderate tax impact of €270 million, and processes relating to employees. Frank discussions took place with staff representatives, in an exemplary climate of respect, transparency, mutual understanding and responsibility, and a sense of shared interest.

The transfer of assets held by the Group's subsidiaries in continental Europe, Africa, Latin America, Australia, Japan, Singapore and the United Kingdom has been completed.

The Group's shareholders met for an Extraordinary General Meeting on June 30, 2017, and approved with a 99.67% majority the decision to contribute assets held by Accor SA in HotelInvest in France, Belgium and Spain, valued at €817 million, to AccorInvest.

Characteristics of the AccorInvest Group

Since the completion of these transactions AccorInvest has 30,000 employees in 27 countries worldwide, and owns 891 hotels (128,000 rooms) out of the 1,182 assets owned and leased by AccorHotels. Of these, 324 are wholly owned and 567 operated through fixed- and variable-rent leases.

New management contracts governing the relationship between AccorHotels and AccorInvest, including the fees paid by AccorInvest to AccorHotels, have now been formalized. AccorHotels naturally retains the management contracts relating to the operation of these hotels for a very long term, *i.e.* 50 years with 15-year renewal options for Luxury and Upscale hotels, and an average of 30 years with 10-year renewal options for Midscale and Economy hotels. The management agreements were negotiated on an arm's length basis. For better alignment, fees will be more strongly correlated than previously to the hotel's EBITDAR (incentive fees), which is expected to increase significantly thanks to major investments devoted to increase the performance of all the hotels in the AccorInvest portfolio.

AccorInvest's funding in the amount of €3.6 billion has been secured with some 20 international banks.

Sale of 55% of AccorInvest approved, effective in the second quarter of 2018

Talks regarding the sale of a majority stake in AccorInvest's capital to long-term investors, both French and international, resulted in the signing of an agreement on February 27, 2018.

The new investors, combining Public Investment Fund (PIF) and GIC, sovereign wealth funds, institutional investors Crédit Agricole Assurances, Colony NorthStar, Amundi and other investors, have offered to acquire 55% of AccorInvest.

The transaction, based on an enterprise value of €6.25 billion, fully reflects the value of AccorInvest's asset portfolio in its current shape.

The investors view AccorInvest as an attractive growth vehicle; they also value the quality of AccorHotels' signature, both as a party to long-term management contracts with AccorInvest and as an AccorInvest shareholder.

Upon completion of the transaction, AccorHotels will benefit from a gross cash injection of €4.4 billion.

At the same time, AccorHotels continues its transformation and diversification, becoming a hospitality services group specializing in travel and mobility, firmly committed to serving its guests and its partners.

AccorHotels, a wide-ranging hospitality services group with a new growth model

Focused on the customer experience in the various service universes it develops for them and offers, AccorHotels has for two years been extending the principle of hospitality under three complementary verticals, namely hotels, the world of travel and local services.

Disciplined investments to create a virtuous ecosystem

Over the last four years, AccorHotels has accelerated its investments by seizing opportunities allowing it to consolidate its business model. The Group invested a total of €6.3 billion over this period, mainly in its core hotel business.

In 2014 and 2015, AccorHotels significantly restructured its hotel portfolio by investing €2 billion in the acquisition of asset portfolios, representing 30% of the investments made by the Group since 2014, in order to strengthen its portfolio of profitable assets and to dispose of those that did not meet its investment criteria. As mentioned above, this policy had the effect of improving the overall value of the AccorInvest property portfolio by €1.5 billion.

AccorHotels has also gained market share with new customer segments. It has acquired or partnered with new brands that have significantly strengthened its operations in the Luxury/Upscale segment. Since 2014, AccorHotels has invested €2.8 billion in the acquisitions of Fairmont, Raffles and Swissôtel, as well as Mama Shelter, BHG and Mantra. Strategic partnerships have also been concluded with Huazhu, 25hours, Orient Express, Banyan Tree and Rixos. The challenge for AccorHotels going forward will be to reinforce its geographic positions by repositioning itself on segments with high added value. Investments in hospitality accounted for 60% of the Group's total capital expenditure over the last four years, or €3.7 billion.

AccorHotels has also committed €600 million to new businesses considered as future growth drivers for the Group. Representing 10% of the investments made by AccorHotels over the last four years, these transactions have served to enrich its accommodation offerings with personalized services (John Paul) and innovative services in events, gastronomy and entertainment (Noctis and Potel & Chabot). The Group has also extended its accommodation activities for the rental of private residences (onefinestay, Travel Keys and Squarebreak), collaborative workspaces (Nextdoor), and has expanded into digital services for independent hotels (Fastbooking and Availpro) and distribution activities such as private sales of hotel accommodation and luxury vacations (VeryChic), and hotel bookings for business customers (Gekko).

Each of these levers contributes to the construction of a virtuous ecosystem, composed of mutually complementary activities, foremost among which is hotels.

The Group's hotel business: HotelServices' new look

AccorHotels' hotel model has evolved significantly in recent years, and will continue to do so at an even greater pace in 2018 as the focus turns almost exclusively to hotel management and franchising.

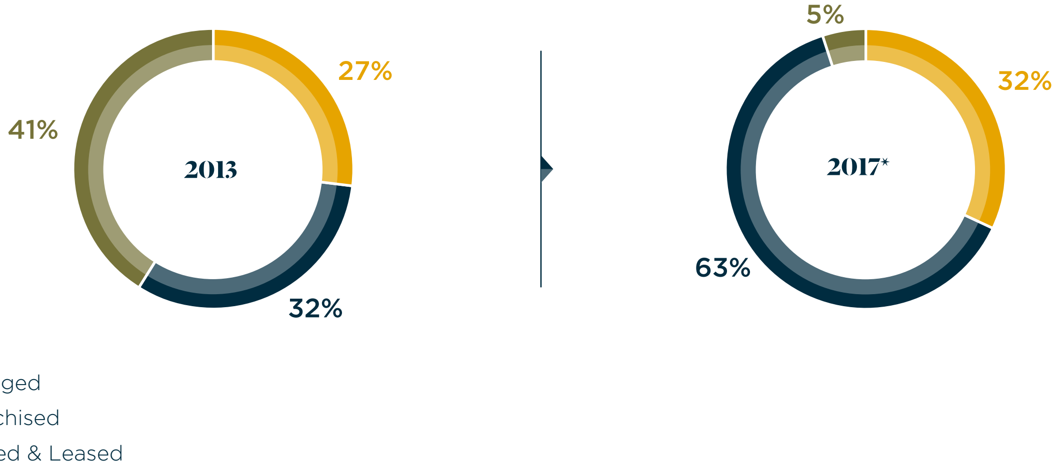
Hotel activities refocused on management contracts and franchise agreements

Between 2013 and 2017, AccorHotels' portfolio grew by almost a third, and at the same time was restructured by focusing on franchise agreements and management contracts.

In 2018, the Group will complete this policy by selling off almost all of its leased and owned assets, which still represent more than a third of its portfolio prior to the deconsolidation of AccorInvest. After this transaction, the AccorHotels hotel portfolio will be 95%-composed of hotels operated under management contracts and franchise agreements, leaving 5% of assets owned or leased, compared with 59% under management contracts and franchise agreements and 41% leased or owned in 2013.

Breakdown of the hotel portfolio by operating structure at December 31, 2013 and December 31, 2017

(% based on number of rooms)

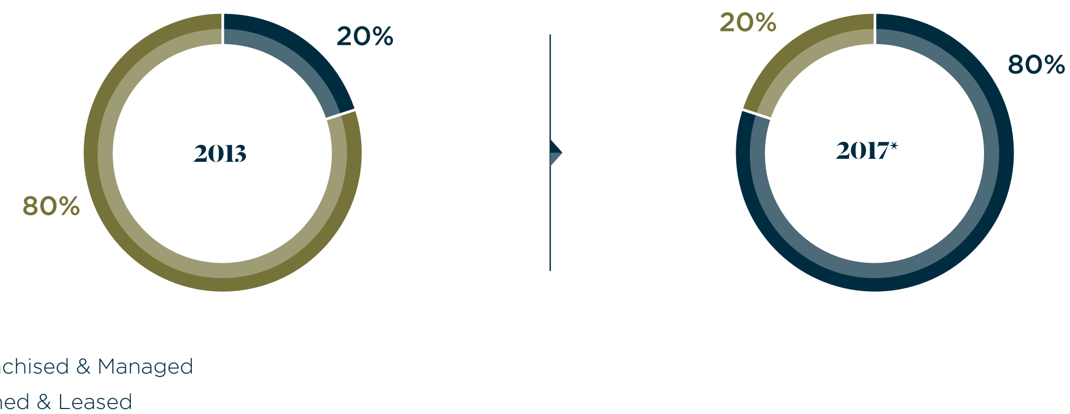


(*) After deconsolidation of AccorInvest.

The same applies to the Group's revenue, which in 2013 was from hotels operated under a management contract or franchise agreement (20%) and from leased and owned hotels (80%). This proportion will be reversed after the deconsolidation of AccorInvest, with 80% of revenue derived from hotels operated under management contracts and franchise agreements, and only 20% from owned or leased hotels.

Breakdown in revenue by operating structure at December 31, 2013 and December 31, 2017

(% based on number of rooms)



(*) After deconsolidation of AccorInvest.

The sale of 55% of AccorInvest completes AccorHotels' transformation by changing the very nature of its model, making it much leaner and more agile.

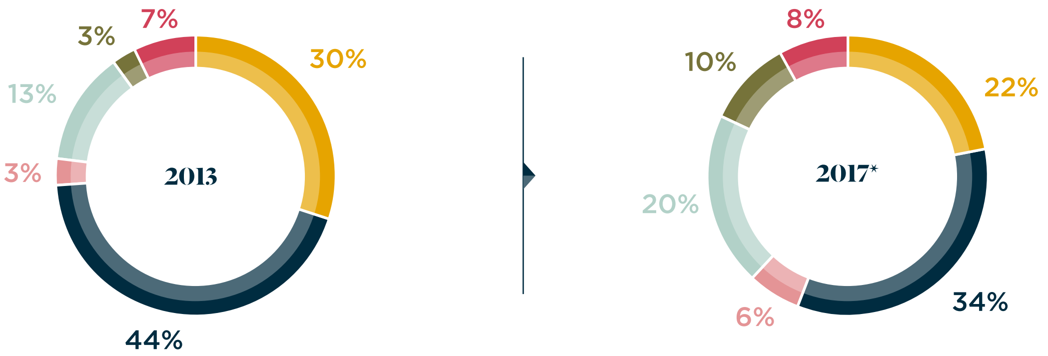
A more balanced breakdown of the Group's results

The refocus will at the same time rebalance the weight of the various regions in the Group's revenue and EBITDA, while improving its defensive profile.

The weight of Europe (including France) in revenue will narrow from 74% to 56% in favor of emerging markets, whose weighting will at the same time firm from 26% to 44%.

Breakdown in revenue by region at December 31, 2013 and December 31, 2017

(% based on number of rooms)



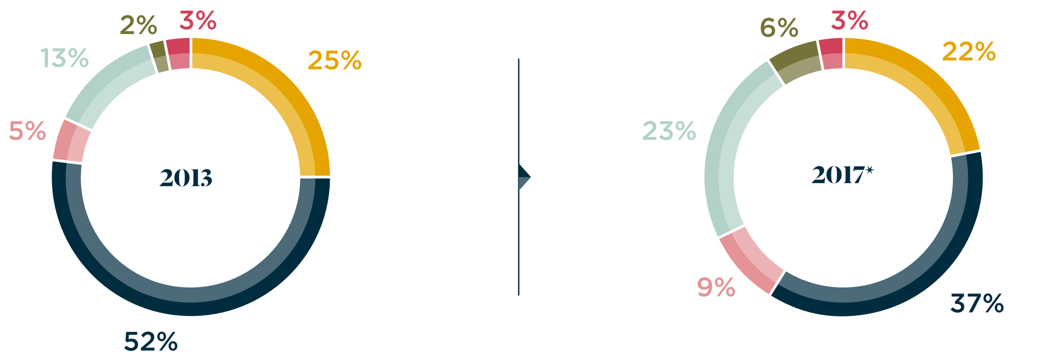
- France & Switzerland
- Europe
- Middle East & Africa
- Asia-Pacific
- North America, Central America & the Caribbean
- South America

(*) After deconsolidation of AccorInvest.

Similarly, while 77% of EBITDA came from Europe and only 23% from emerging markets, the respective share of these two segments will come to 59% and 41% after the deconsolidation of AccorInvest.

Breakdown in EBIDTA by region at December 31, 2013 and December 31, 2017

(% based on number of rooms)



- France & Switzerland
- Europe
- Middle East & Africa
- Asia-Pacific
- North America, Central America & the Caribbean
- South America

(*) After deconsolidation of AccorInvest.

Anticipating annual organic development of 45,000 rooms at a cruising speed from 2018, the Group will now display a closer correlation between the growth of its fees and that of its network and revenue per room observed in its various markets.

Its development will continue to be driven by the Luxury/Upscale segment, which is more profitable and already the largest contributor in terms of revenue.

AccorHotels' five-year growth target

Change in the AccorHotels business model is aimed at doubling the Group's EBITDA to €1.1 billion by 2021, with 70% of earnings growth coming from the hotels and 30% from new business lines. As such, the EBITDA of €500 million achieved in 2016 will be compounded by the €350 million generated by the hotels by 2021 and a further €150 million by new initiatives, representing 15% of EBITDA by that date.

Investments aimed at extending and cementing the Group's leadership in its various business lines will continue on the basis of exacting financial indicators (EPS, EBITDA, ROCE, FCF), whether to accelerate AccorHotels' growth in specific markets or segments, or to round out its service offerings.

Medium-sized companies will be targeted primarily for their earnings, growth and integration potential and the scope they offer to enrich the Group's ecosystem.

AccorHotels will commit the majority of its investment outlay to developing HotelServices and growing Hotel Assets and digital initiatives, while devoting 10% to new businesses.

A broader business model, with a more robust financial structure

Many strategic levers have been used over the past four years to achieve a profound transformation at AccorHotels and to strengthen its leadership in a highly competitive hotel sector:

- product diversification (hotels, residences, apartments, office spaces, etc.);
- expansion of the customer base (leisure, business, millennials, independent hotel operators, local residents);
- broadening of the brand portfolio, diversification of service offerings;
- consolidation of geographical leadership, strengthening in fast-growing areas;
- reinforcement in the Luxury/Upscale segment, in new segments;
- digital innovations in hotels, distribution and CRM, etc.

AccorHotels is tirelessly expanding its network and cementing its leadership thanks to dynamic development and the optimization of its coverage of all geographies and segments. At the same time, the Group is consolidating its multi-faceted skills as an operator in the field of hospitality services by gradually developing an abundant ecosystem of businesses and consistent services enabling it to offer innovative and exclusive personalized experiences.

By selling 55% of AccorInvest, AccorHotels will significantly reduce the number of assets owned and leased by the Group, as well as the debt contracted to finance them. In its asset-light form, AccorHotels will only invest very little in real estate, and will benefit from lighter overheads based on an optimized fee-based model. This will reduce the Group's exposure to the ups and downs of business cycles.

The sale will also provide it with a gross cash injection of €4.4 billion, which will strengthen its balance sheet and allow it to pursue its external growth and diversification in adjacent high-potential businesses. The new cash will allow it to buy back own shares representing approximately 10% of its share capital over the coming two years.

Together, the new cash and new model will gave AccorHotels significant financial flexibility, supported by structurally larger cash flows. Its investment and shareholder return capacity will also be strengthened.

A new dividend policy will be implemented as early as 2018, directly linked to the profitability of the operating cycle and the Group's value creation. The dividend will no longer be set on the basis of recurring profit after tax, but on recurring free cash flow, to which a payout ratio of 50% will be applied. In the future, while ensuring the quality of its credit profile and its rating, the Group will allocate its excess cash flow to further growth transactions or additional returns to shareholders.

In this context, building on its long-standing strengths, and now more agile, innovative and richer in areas adjacent to its core business, the Group is confident in its ability to intensify its growth in the coming years. The various transactions carried out in recent years to make it stronger by making it more present in the daily lives of its customers, more profitable and more value-creating, have already started to pay off nicely in 2017, and make it possible to look to the future with even confidence.

CONSOLIDATED INCOME STATEMENTS

Consolidated income statements

(in millions of euros)	2016	2017
Revenue	**1,646**	**1,937**
Operating expense	(1,139)	(1,311)
EBITDA	**506**	**626**
Depreciation, amortization and provision expense	(109)	(134)
EBIT	**397**	**492**
Share of net profit of associates and joint ventures	6	28
Other income and expenses	(96)	(107)
Operating profit	**307**	**413**
Net financial expense	(117)	(54)
Income tax	2	51
Profit from continuing operations	**193**	**411**
Profit from discontinued operations	106	71
NET PROFIT OR LOSS	**299**	**481**
◗ Net profit or loss, Group share	265	441
◗ Net profit, minority interests from continuing operations	33	40

(in euros)	2016	2017
Diluted earning per share	0.88	1.40
Dividend per share	1.05	1.05(1)

(1) Ordinary dividend per share recommended by the Board of Directors to the Combined Ordinary and Extraordinary Shareholders' Meeting of April 20, 2018.

Statements of financial position

Assets

(in millions of euros)	2016	2017
Goodwill	**1,496**	**1,500**
Other intangible assets	**2,401**	**2,302**
Property, plant and equipment	**562**	**662**
Non-current financial assets	**844**	**830**
Deferred tax assets	233	124
Non-current assets	**5,545**	**5,430**
Current assets	**1,861**	**1,821**
Assets classified as held for sale	4,457	4,824
ASSETS	**11,864**	**12,076**

Equity and liabilities

(in millions of euros)	2016	2017
Shareholders' equity, Group share	**5,658**	**5,485**
Shareholders' equity and minority interests	**5,925**	**5,826**
Non-current liabilities	**2,907**	**3,287**
Current liabilities	**1,855**	**1,431**
Liabilities associated with assets classified as held for sale	**1,177**	**1,532**
LIABILITIES AND SHAREHOLDERS' EQUITY	**11,864**	**12,076**

Parent company financial review

Revenue from all of the Company's operations amounted to €915.1 million in 2017, compared with €894.8 million the year before. This increase of 2.3% or €20.3 million reflected the growth in royalties billed for €28.1 million and in service revenues for €22.1 million, offsetting the €29.9 million decrease in income from property rentals resulting from the management policy introduced for the property portfolio and the AccorInvest spin-off.

Revenue includes hotel royalties, rental and business-lease revenue and service fees.

In 2017, **provision reversals, expense transfers and other income** amounted to €64.7 million compared to €65.6 million in 2016. The €0.9 million decrease primarily reflects the reduction in the value of capitalized expenses, mainly related to the digital plan, in the amount of €16.3 million, offset by reversals of provisions for post-employment benefits (€8.9 million), transfers of bond issue costs (€4.1 million) and reversals of provisions for claims and litigation (€1.2 million).

Operating expenses stood at €1,043.9 million in 2017 compared to €1,020.1 million the year before. The increase primarily corresponds to a €17 million rise in depreciation, amortization and provision expense, including €7 million for restructuring provisions, €3 million for doubtful debt provisions and €8 million for depreciation and amortization expense. Other expenses rose by €3 million, reflecting a €34 million increase in fees for special projects, including €28 million related to the Booster project, offset by a €31 million reduction in Digital Plan fees.

2017 **EBIT** represented a loss of €64.0 million, compared with a loss of €59.7 million in 2016, an increase of €4.3 million.

Net financial income totaled €1,935.9 million compared to €28.9 million in 2016, an increase of €1,907.3 million that was mainly due to higher dividends from subsidiaries.

In 2017, dividends income amounted to €2,303.5 million compared with €134.9 million the year before. The increase stemmed from the Booster restructuring operations, which led in particular to the payment of €994.5 million in dividends by Accor UK and to €367.7 million in dividends distributed by AccorInvest Belgium in connection with a capital contribution.

Total provision movements included in net financial expense, corresponding mainly to write-downs of investments in subsidiaries, represented a net expense of €277.2 million in 2017 against net income of €10.1 million in 2016. The most significant write-downs concerned Turambar (€94.8 million), CIWLT (€50.4 million) and SCI Blanche Neige (€44.4 million). The main reversals concerned AccorHotels Spain (€9.0 million), Risma (€8.5 million) and SIHM (€5.5 million).

Recurring income before tax of €1,871.9 million was recorded in 2017, compared with a loss of €30.7 million in 2016.

The Company reported **net non-recurring income** of €1,766.2 million in 2017, compared to net non-recurring expense of €2.1 million in 2016. The favorable swing was attributable to the €5,161.3 million proceeds from sales of investments in connection with the Booster project and the €340.2 million reversed from provisions for impairment in value, less the investments' €3,856.6 million carrying amount written off on disposal.

Income tax included group relief of €19.8 million and an income tax benefit of €40.1 million (including the 3% surtax on distributed dividends of €4.6 million), compared with group relief of €31.5 million and income tax expense of €8.0 million in 2016.

Accor SA ended the year with a **net profit** of €3,698.0 million, *versus* a net loss of €9.3 million in 2016.

Parent company five-year financial summary

(in millions of euros)	2013	2014	2015	2016	2017
Capital at year-end					
Share capital	684	696	706	854	870
Number of shares in issue	228,053,102	231,836,399	235,352,425	284,767,670	290,122,153
Results of operations					
Net revenues	807	825	881	895	915
Profit before tax, depreciation, amortization and provisions	124	261	209	(879)	3,596
Income tax	(20)	(14)	(20)	(24)	(60)
Net profit (loss)	101	239	130	(9)	3,698
Dividends	183	220	235	299(1)	305
Per-share date *(in euros)*					
Earnings per share after tax, before depreciation, amortization and provisions	0.63	1.18	0.97	(3.01)	12.60
Earnings (loss) per share	0.44	1.03	0.55	(0.03)	12.75
Dividend per share (before tax credit/allowance)	0.80	0.95	1.00	1.05	1.05(1)
Employees					
Number of employees	1,051	1,033	1,145	1,275(2)	1,285(2)
Total payroll and employee benefits	158	146	133	149	152

(1) Recommended dividend for 2017 proposed at the Annual Shareholders' Meeting of April 20, 2018 based on 290,122,153 shares outstanding at December 31, 2017.
(2) Number of employees on the Accor SA payroll at December 31, 2017

AGENDA

COMBINED ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING OF APRIL 20, 2018

Shareholders are invited to attend the Combined Ordinary and Extraordinary Shareholders' Meeting on **Friday April 20, 2018 at 10 a.m. at the Novotel Paris Est – 1, avenue de la République – 93177 Bagnolet,** France, to discuss and decide on the agenda below:

ORDINARY RESOLUTIONS

First resolution: Approval of the parent company financial statements for the year ended December 31, 2017

Second resolution: Approval of the consolidated financial statements for the year ended December 31, 2017

Third resolution: Appropriation of profit and dividend payment

Fourth resolution: Directors' fees

Fifth resolution: Approval of the renewal of related-party commitments given to Sébastien Bazin

Sixth resolution: Approval of the fixed, variable and exceptional components of the total compensation and benefits of any kind paid or allocated to Sébastien Bazin for the year ended December 31, 2017 (*ex post say on pay*)

Seventh resolution: Approval of the fixed, variable and exceptional components of the total compensation and benefits of any kind paid or allocated to Sven Boinet for the year ended December 31, 2017 (*ex post say on pay*)

Eighth resolution: Approval of the principles and criteria for determining, allocating and awarding the fixed, variable and exceptional compensation and benefits of any kind to be awarded to the Chairman and Chief Executive Officer in respect of 2018 (*ex ante say on pay*)

Ninth resolution: Approval of the principles and criteria for determining, allocating and awarding the fixed, variable and exceptional compensation and benefits of any kind to be awarded to the Deputy Chief Executive Officer in respect of 2018 (*ex ante say on pay*)

Tenth resolution: Approval of the transfer of control of AccorInvest Group SA

Eleventh resolution: Authorization for the Board of Directors to trade in the Company's shares

Twelfth resolution: Authorization for the Board of Directors to issue free share warrants to shareholders in the event of a public offer for the shares of the Company

EXTRAORDINARY RESOLUTION

Thirteenth resolution: Authorization for the Board of Directors to issue shares and/or securities carrying rights to shares to employees who are members of an Accor Group employee stock ownership plan ("Plan d'Epargne Entreprise")

ORDINARY RESOLUTION

Fourteenth resolution: Powers to carry out formalities

PRESENTATION OF THE DRAFT RESOLUTIONS
TO BE SUBMITTED TO THE COMBINED ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING ON APRIL 20, 2018

APPROVAL OF THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

The purpose of the **first resolution** is to approve the parent company financial statements of Accor for the year ended December 31, 2017 and the report thereon, as approved by the Board of Directors at its meeting of February 20, 2018, which show a profit of €3,698,091,292.10.

The Shareholders Meeting will also be asked to note the absence of non-deductible charges and expenses for the year ended December 31, 2017.

In the **second resolution,** shareholders are invited to approve the consolidated financial statements of the AccorHotels group for the year ended December 31, 2017, which show consolidated revenue of €1,937 million and net profit, Group share of €441 million.

The details of the annual financial statements can be found in the Company's 2017 Registration Document.

APPROPRIATION OF NET PROFIT OR LOSS AND DIVIDEND

The purpose of the **third resolution** is to appropriate the Company's profit and set the amount of the dividend.

The Board of Directors recommends paying a dividend of €1.05 per share. If the Shareholders' Meeting approves this proposal, the ex-dividend date will be set at May 11, 2018 and the dividend will be paid on May 15, 2018.

Eligible shareholders will qualify for the 40% tax relief provided for in Article 158-3-2 of the French Tax Code *(Code général des impôts)* on their total dividend.

DIRECTORS' FEES

It is proposed in the **fourth resolution** to increase the maximum amount of directors' fees allocated to the members of the Board of Directors in respect of the 2018 financial year and for subsequent financial years to €1,320,000.

This increase, which enhances the attractiveness of the Board of Directors and aligns the Company's practices with those of CAC 40 companies, takes into account the significant involvement and high level of commitment of the Directors of the Company, in particular with respect to the Group's transformation. The Board of Directors met 15 times during the year, as did the 5 Board Committees, for a total of 30 meetings in 2017.

It should be noted that no changes will be made to the principles for allocating directors' fees, which are included in the Board of Directors' bylaws and are based primarily on attendance.

RELATED-PARTY AGREEMENTS AND COMMITMENTS

In the **fifth resolution,** shareholders are asked to renew their approval of the commitments governed by Article L. 225-42-1 of the French Commercial Code *(Code de commerce)* given to Sébastien Bazin, as authorized by the Board of Directors and described in the Statutory Auditors' special report on related-party commitments and agreements.

As Mr. Bazin's term as Chairman and Chief Executive Officer was renewed by the Shareholders' Meeting of May 5, 2017 for a period of three years, the Board of Directors has renewed in identical terms:

- benefits in the event of the termination of the term of office of Sébastien Bazin; and
- commitments made with regard to the supplementary pension plans and unemployment insurance of the Group's senior executives.

In the event of a forced departure, that is to say in the event of his dismissal as Chairman and Chief Executive Officer, except for serious misconduct or gross negligence, or the non-renewal of his term of office as Director, Sébastien Bazin will receive termination benefits corresponding to twice the total of the fixed and variable compensation he received in respect of the last fiscal year ended prior to the date of termination of his corporate office.

In accordance with the AFEP/MEDEF Code, it is specified that this sum would not be payable if Mr. Bazin resigns or decides not to stand for re-election as a director, if he moves to a new position within the Group, or if he is able to claim his full-rate pension within a short period of time.

Payment of the termination benefits is subject to the following performance criteria:

- consolidated return on capital employed for the previous three years must have exceeded the Group's cost of capital as published in the Registration Documents;
- operating free cash flow must be positive in at least two of the previous three years;
- like-for-like EBITDAR margin must have exceeded 27.5% in at least two of the previous three years.

These performance criteria are applied as follows:

- if all three criteria are met, the compensation is payable in full;
- if two of the three criteria are met, half of the compensation is payable;
- if none or only one of the three criteria are met, no compensation is due.

Moreover, the Board of Directors has authorized Mr. Bazin's inclusion in the supplementary pension plan, whose members comprise several dozen Accor senior executives. Under the terms of this overall plan, except in specific cases provided for by law, if a plan member leaves the Group before retirement, he or she only retains the rights accrued under the defined contribution plan (based on annual employer contributions of up to 5% of five times the annual cap for social security contributions) and forfeits the rights accrued under the defined benefit plan.

The pension annuities payable to Mr. Bazin on retirement may not exceed 30% of his end-of-career salary and the overall replacement rate to which he would be entitled (under government-sponsored plans and the Accor supplementary pension plan) is capped at 35% of the average of his best three years' compensation (fixed plus variable) in the ten years prior to retirement. No benefits are payable under the defined benefit plan if Mr. Bazin has not been a member of the plan for at least five years upon retirement.

In accordance with the law, the payment of benefits under the plan depends on the annual performance criteria set by the Board being fulfilled, *i.e.* for 2018:

- consolidated EBITDA *versus* budget (50% weighting);
- free cash flow (excluding acquisitions and disposals) after change in operating working capital *versus* budget (50% weighting).

Lastly, the Board of Directors authorized the Company to set up a private insurance plan with the *Association pour la Garantie Sociale des Chefs et Dirigeants d'Entreprise* (GSC) to provide Mr. Bazin with unemployment benefits should the need arise. The benefits under this plan would be paid as from the 31st unbroken day of unemployment. The maximum duration of benefits is 24 months.

APPROVAL OF THE COMPONENTS OF THE TOTAL COMPENSATION AND BENEFITS OF ANY KIND PAID OR AWARDED TO EACH EXECUTIVE OFFICER OF THE COMPANY FOR THE YEAR ENDED DECEMBER 31, 2017 (*EX POST* SAY *ON PAY*)

Pursuant to Articles L. 225-37-2 and L. 225-100 of the French Commercial Code, the shareholders are asked, in the **sixth** and **seventh resolutions,** to approve the fixed, variable and exceptional components of total compensation and benefits of any kind paid or allocated for the year ended December 31, 2017 to Sébastien Bazin, Chairman and Chief Executive Officer, and Sven Boinet, Deputy Chief Executive Officer, as presented in the appendix to this report **(Appendix 1).**

The payment of the items of variable compensation due to Sébastien Bazin and Sven Boinet for the year ended December 31, 2017 is subject to the approval of the **sixth** and **seventh resolutions** respectively.

APPROVAL OF THE PRINCIPLES AND CRITERIA FOR DETERMINING EXECUTIVE OFFICERS' COMPENSATION FOR 2018 (*EX ANTE SAY ON PAY*)

Pursuant to Article L. 225-37-2 of the French Commercial Code, in the **eighth** and **ninth resolutions,** shareholders are invited to approve the principles and criteria for determining, allocating and awarding the fixed, variable and exceptional components of the total compensation and benefits of any kind to be granted to the Chairman and Chief Executive Officer and the Deputy Chief Executive Officer for 2018.

These principles and criteria are presented in section 3.1.4 of the 2017 Registration Document on compensation policy.

Pursuant to Article L. 225-37-2 of the French Commercial Code, if any of these resolutions were not approved, the compensation policy approved at the Shareholders' Meeting of May 5, 2017 would continue to apply.

APPROVAL OF THE TRANSFER OF CONTROL OF ACCORINVEST GROUP SA TO OUTSIDE INVESTORS

At the Shareholders' Meeting on June 30, 2017, shareholders approved by a 99.67% majority the proposed creation of a new subsidiary, AccorInvest Group SA ("AccorInvest"), dedicated to operating owned and leased hotels and managing the related hotel properties.

The approval paved the way for the next stage in the project, whereby AccorHotels will sell a controlling interest in AccorInvest, while retaining a significant minority stake in its capital. A search was launched to identify and select potential investors that pursue a long-term investment strategy.

After a due diligence phase, several investors (mentioned in paragraph "Description of the investor selection process" below) began negotiations with AccorHotels and signed firm statements of commitment to the Group (the **"Commitments"**), to which were attached the legal documents due to be signed shortly, including the sale agreement, the shareholders' agreement concerning AccorInvest, the hotel management contract template and the partnership agreement. The hotel management contract template and the partnership agreement organize the long-term business relationship between the AccorHotels and AccorInvest groups.

The Commitments concern the acquisition of 55% of AccorInvest's capital (the **"Transaction"**). AccorHotels has given the Investors who have signed the Commitments an exclusive right to negotiate and conclude the Transaction and is committed to paying total compensation of up to €57.9 million to cover the Investors' costs and expenses in the event that the Group decides not to sign the sale agreement after obtaining the opinion of employee representatives.

The procedure to inform and consult Accor employee representatives about the proposed sale of a majority stake in AccorInvest has been launched on the strength of the Commitments received. On completion of the procedure, Accor's Board of Directors will review the employee representatives' opinion and, if appropriate, will authorize the signature of the sale agreement. The agreement would then be signed by all the parties. In parallel, certain procedures have been launched and are on-going to obtain the authorizations required in some countries under inward foreign investment legislation.

Shareholders are being consulted about the proposed Transaction in accordance with the recommendation of the French securities regulator, *Autorité des Marchés Financiers* (**"AMF"**), in its Position/Recommendation DOC 2015-05 concerning acquisitions and disposals of material assets, and with Article 5.4 of the AFEP/MEDEF Corporate Governance Code for Listed Companies (the **"AFEP/MEDEF Code"**). The AMF recommends that any company whose shares are admitted for trading on a regulated market schedule a consultation with the General Meeting of Shareholders prior to the disposal, in one or more transactions, of assets representing at least half of its total assets on average over the past two financial periods, once at least two of the following ratios reach or exceed half the consolidated amount calculated for the disposing company, on average, over the past two financial periods:

- the ratio of the turnover realized by the transferred asset(s) or activity(ies) to consolidated turnover;
- the ratio of the disposal price for the asset(s) to the Group's market capitalization;
- the ratio of the net value of the transferred assets to the consolidated balance sheet total;
- the ratio of earnings generated by the transferred assets or activities to consolidated earnings before taxes;
- the ratio of current employees of the transferred activity to global employees in the Group.

In the case of the Transaction, the first ratio (turnover realized by the transferred assets or activities) and the fifth ratio (current employees of the transferred activity), calculated on average over the past two financial periods, will be reached or exceeded. Accordingly, as recommended by the AMF, the General Shareholders' Meeting is being consulted with a quorum and a majority of the Ordinary General Meeting. This consultation is the subject of the **tenth resolution** that shareholders are invited to adopt.

The Transaction is scheduled to be completed before the end of the second quarter of 2018.

The sale agreement would be signed subject to a favorable opinion of the Transaction from Accor's Shareholders' Meeting. This condition will inure solely to the benefit of Accor; the Investors would not be able to rely on it and Accor could waive its application. There are no plans to consult shareholders again in the event of any change in the Transaction's terms that does not affect its fundamental characteristics.

Board of Directors' recommendation

The Board of Directors, assisted by an investment bank, reviewed the proposed Transaction based on the terms of the Commitments given by the Investors.

The investment bank retained by the Board of Directors prepared a report setting out its assessment of the Transaction's financial terms. The assessment was prepared using a traditional multi-criteria approach, based on stock market multiples, transaction multiples, the internal rate of return (IRR) and discounted future cash flows. Based on its assessment, the bank concluded that the Transaction's terms were in line with the values used for comparable transactions.

The Board considered that the main terms and conditions of the Commitments given to Accor were acceptable and represented an appropriate basis for engaging in exclusive negotiations with the Investors.

Consequently, considering the strategic benefits and conditions of the proposed Transaction, on February 18, 2018 the Board of Directors decided to authorize the Company to counter-sign the Commitments and to issue a press release concerning the transaction.

Overview of the Transaction

Strategic rationale behind the proposed Transaction

The Transaction will enable the AccorHotels Group to acquire the resources and agility needed to accelerate the growth of its core business, finance its various development projects and expand its offer through targeted acquisitions providing additional market shares, like the recent acquisition of the Mantra Group.

At the same time, it will enable AccorInvest to optimize its strategy for the development of the hotel portfolio. With the backing of long-term partners, AccorInvest will be in a position to take on significant amounts of debt on competitive terms, in order to finance its growth, restructure the portfolio, deploy hotel refurbishment and acquisition programs, at a lower cost than if Accor were to finance these investments alone.

Lastly, AccorHotels plans to implement a share buyback program over the next two years. Up to €1.35 billion would be invested in the program, representing 10% of the Group's capital based on its current market capitalization.

Description of the investor selection process

The AccorHotels Group, through its investment bankers, approached long-term investors such as insurance companies, sovereign wealth funds, asset managers and pension funds, to offer them an opportunity to acquire a stake in AccorInvest's capital.

During the Transaction process, potential investors were able to conduct financial, operational and legal due diligence reviews, after signing confidentiality agreements, and express their interest in acquiring part of AccorInvest's capital. The main investors who committed to acquiring a direct interest in AccorInvest were two sovereign wealth funds, Saudi Arabia's Public Investment Fund and Singapore's GIC Private Limited, an institutional investor, Predica, and two asset management firms, Colony NorthStar and Amundi Immobilier, as well as other investors who committed to acquiring smaller stakes (the "Investors").

Sale of the majority of the capital of AccorInvest – Main terms of the sale agreement

Under the terms of the proposed sale agreement, the Investors will acquire 55% of AccorInvest's capital.

The acquisition price will be based on an AccorInvest enterprise value of €6.25 billion. The gross cash contribution received by Accor would amount to €4.4 billion, including reimbursement of its current account advance to AccorInvest. The price will be subject to the customary adjustments.

The sale agreement also provides for various seller's warranties, in line with standard practice for this type of transaction.

Completion of the Transaction will be subject to limited conditions precedent, mainly concerning the arrangement of various bank lines of credit for AccorInvest, the absence of any material adverse event, obtaining the authorizations required under foreign direct investment legislation, and a favorable opinion from the Shareholders' Meeting, it being noted that Accor could waive the application of this last condition. Following the Transaction, the Investors will hold 55% of AccorInvest's capital and Accor will hold 45%.

Main terms of the shareholders' agreement concerning AccorInvest

The proposed shareholders' agreement is designed to govern relations between the investors and Accor. It mainly comprises provisions concerning AccorInvest's governance, and the ownership, transfer and liquidity of AccorInvest shares.

John Ozinga, AccorInvest's current Chief Executive Officer, would be confirmed in this position for an initial term of three years as from the Transaction date. AccorInvest's Board of Directors would comprise (i) directors representing the Investors (based on the amount of their respective investments) and (ii) directors representing Accor, who would hold no more than 30% of the seats on the Board. The Board of Directors' role would be to manage the business's overall strategy and make major decisions concerning the AccorInvest Group. Although Accor would hold 45% of AccorInvest's capital, the shareholders' agreement would include a clause limiting its share of the voting rights at shareholders' meetings to 30%.

The agreement also includes the standard clauses for this type of transaction concerning the transfer of shares and their liquidity, including a right of first refusal, proportionate and total tag-along rights, and drag-along rights. In addition, it provides for a three-year lock-up as from the Transaction date on all the AccorInvest shares held by the Investors, and a requirement for Accor to hold at least 30% of AccorInvest's capital for at least five years. Accor could nevertheless sell AccorInvest shares to institutional investors in the period to June 30, 2019 without the sale restriction applying, provided that its stake in AccorInvest continues to represent at least 30% of the capital. The agreement also provides for the payment of an annual dividend equal to 5% of the transaction's net asset value.

Lastly, the shareholders' agreement stipulates that no hotel operator other than a member of the AccorHotels Group may become a shareholder of AccorInvest.

Description of the commercial aspects

Main terms of the hotel management contracts

Commercial relations between the AccorHotels Group and AccorInvest would be governed by hotel management contracts describing AccorHotels' commitments as operator towards hotel owners. They would reflect hospitality market standards and be aligned with the contracts generally entered into between the AccorHotels Group and third-party hotel owners.

A separate management contract would be signed for each hotel, covering a period of between 15 and 35 years depending on the hotel category. AccorHotels would have an option to renew each contract for an initial period of between 10 and 15 years depending on the hotel category, provided that the "renewal test" criteria are fulfilled. After this initial period, the contract could be rolled over by mutual agreement for successive 10-year periods.

Main terms of the partnership agreement

Accor, AccorInvest and their respective subsidiaries would also sign a master partnership agreement organizing the preferred relationship between AccorHotels Group companies and AccorInvest Group companies, the temporary reciprocal exclusive rights and reciprocal tag-along and drag-along rights, describing the basis for possible transfers of hotels and hotel management contracts, and agreeing possible waivers of certain terms and conditions of the hotel management contracts.

The partnership agreement also includes an exclusivity clause prohibiting AccorInvest companies from entering into a management or franchise contract on any AccorInvest hotels with another hotel operator during an initial period of five years. Beyond this five-year period, the restriction would be gradually scaled down over time. In return for this exclusivity clause, the AccorHotels Group companies would have a five-year obligation to offer AccorInvest companies a priority right to invest in any hotel acquisition or development projects and to enter into a hotel management contract covering the hotels concerned.

A new revenue structure will be implemented, with fees reduced by 50 basis points, or around €19 million per year. To ensure a better alignment of interests, fees based on profitability will account for 60% of the total and those based on revenue for 40%, *versus* the previous situation of 40% and 60% respectively.

The partnership agreement also stipulates that the payment to AccorHotels of around €10 million per year in fees (base management fees, trademark fees and incentive management fees) would be subject, for certain hotels, to the achievement of pre-defined operating cash flow margin targets (an operating cash flow margin of 5% or 10% for hotels classified as "key" and 10% for hotels classified as "high-performing").

This partnership agreement between AccorHotels companies and AccorInvest companies would remain in force for as long as there are any hotel management contracts in force, with a maximum term of 50 years.

Based on the above information and explanations, shareholders are invited to approve, on a consultative basis, the transfer of control of AccorInvest Group SA to outside investors, in accordance with AMF Position – Recommendation DOC 2015-05 and Article 5.4 of the AFEP/MEDEF Code.

AUTHORIZATIONS TO TRADE IN THE COMPANY'S SHARES

In the **eleventh resolution,** shareholders are invited to renew, for a period of 18 months, the authorization for the Board of Directors to trade in Accor's shares on the Company's behalf, subject to compliance with the applicable laws and in accordance with the General Regulation of the French securities regulator, the AMF.

The authorization could not be used while a public offer for the Company's shares was in progress.

If this resolution is approved, the number of Accor shares that the Company can acquire may not exceed **29 million** (representing approximately 10% of the capital at December 31, 2017). The maximum per-share purchase price is set at €70. The maximum total investment in the buyback program would therefore be **€2.03 billion.**

Shareholders are reminded that the Shareholders' Meeting of May 5, 2017 authorized the Board of Directors to cancel all or part of the shares acquired in this manner and to correspondingly reduce the share capital within the limit of 10% of the share capital for a period of 24 months.

AUTHORIZATION FOR THE BOARD OF DIRECTORS TO ISSUE FREE SHARE WARRANTS TO SHAREHOLDERS IN THE EVENT OF A PUBLIC OFFER FOR THE SHARES OF THE COMPANY AND CAPITAL INCREASE FOR EMPLOYEES WHO ARE MEMBERS OF A GROUP EMPLOYEE STOCK OWNERSHIP PLAN ("PEG")

In the **twelfth resolution,** the Board of Directors is seeking an authorization to issue free share warrants to shareholders in the event of a public offer for the shares of the Company. The warrants would be exercisable for shares representing up to 25% of the Company's capital.

This authorization would be used if the Company considered that the price of the public offer was too low, to either drive up the price or cause the offer to be withdrawn if the offeror did not wish to increase the price.

Its use during a public tender offer would be decided by the Board of Directors on the recommendation of a special committee of the Board chaired by the Vice-Chairman and Senior Independent Director and comprising three independent directors, made after consulting a financial advisor.

Free warrants issued under the authorization would be canceled in the event of the failure of the offer or any competing offer.

This authorization is being sought for a period of 14 months as from the date of this Meeting.

Lastly, in accordance with Article L. 225-129-6 of the French Commercial Code, in the **thirteenth resolution**, shareholders are invited to authorize the Board of Directors to issue shares or other securities to employees who are members of an Employee Share Ownership Plan ("PEG"). The total number of shares and/or securities carrying rights to shares that can be issued under this authorization is limited to the equivalent of 2% of the Company's capital less the shares issued pursuant to resolution twenty-five of the May 5, 2017 Shareholders' Meeting as of the date of said Meeting.

The shares issued pursuant to resolution twenty-five of the May 5, 2017 Shareholders' Meeting, were issued as part of the employee share ownership plan (SHARE 17) presented in an additional Board of Directors' report and a Statutory Auditors' special report available on the Group website, www.accorhotels.group.

The subscription price for shares issued pursuant to this resolution may not exceed the average of the prices quoted for the Company's shares during the twenty trading days preceding the Board of Directors' decision setting the opening date of the subscription period, and may not represent less than said average less the maximum discount authorized by the regulations in force on the pricing date. The characteristics of any securities carrying rights to shares will be set in accordance with said regulations.

This authorization shall terminate the previous authorization granted for the same purpose and adopted in resolution twenty-five of the May 5, 2017 Shareholders' Meeting and is granted for the remainder of the term of this resolution twenty-five, namely until July 5, 2019.

POWERS TO CARRY OUT FORMALITIES

The purpose of the **fourteenth 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.

Appendix 1

PRESENTATION OF THE FIXED, VARIABLE AND EXCEPTIONAL COMPONENTS OF THE TOTAL COMPENSATION AND BENEFITS OF ANY KIND PAID OR ALLOCATED TO EXECUTIVE OFFICERS OF THE COMPANY FOR THE YEAR ENDED DECEMBER 31, 2017

Pursuant to Articles L. 225-37-2 and L. 225-100 of the French Commercial Code, the fixed, variable and exceptional components of the total compensation and benefits paid or awarded to executive officers for the year ended December 31, 2017, as presented below, will be submitted to the 2018 Annual Shareholders' Meeting for approval.

Payment of the variable compensation due to Sébastien Bazin and Sven Boinet in respect of the year ended December 31, 2017 is subject to the adoption by shareholders of the **sixth** and **seventh resolutions** respectively.

All of the figures and information shown in these tables are also provided in section 3.5 of the 2017 Registration Document, which is available on the Group's website (accorhotels-group.com) or on request from the Company.

Sébastien Bazin

Compensation paid or awarded for 2017	Amounts (or accounting value) submitted to the advisory vote	Description
Annual fixed compensation	€950,000	Sébastien Bazin's annual fixed compensation for 2017 was decided by the Board of Directors at its meeting on December 7, 2016, based on the recommendation put forward by the Appointments & Compensation Committee. It complies with the 2017 executive officer compensation policy approved by the Annual Shareholders' Meeting of May 5, 2017, as presented in section 3.6.1 of the 2016 Registration Document. It was paid in monthly installments during 2017.
Annual variable compensation	€1,505,719	According to the 2017 executive officer compensation policy approved by the Annual Shareholders' Meeting of May 5, 2017, Sébastien Bazin's variable compensation for 2017 could represent between 0% and 150% of an annual reference amount of €1,250,000, representing the equivalent of between 0% and 197% of his annual fixed compensation, depending on the achievement rate for the performance objectives set by the Board of Directors on December 7, 2016 and presented below. Quantitative objectives: ◗ consolidated EBIT in line with the 2017 budget (25% weighting); ◗ free *cash flow (excluding acquisitions and disposals)*, after change in working capital, in line with the 2017 budget (25% weighting); ◗ Accor's positioning *Total Shareholder Return* (TSR) relative *to* the TSR of eight other international hotel groups (Marriott, Hilton, Choice, Hyatt, Whitbread, Intercontinental Hotels, NH Hoteles and Melia) (10% weighting); ◗ Accor's positioning TSR compared *with* the TSR of other CAC 40 companies (10% weighting); ◗ a combination of three criteria: guest satisfaction, level of employee engagement, and sustainable development and CSR performance (10% weighting).

Compensation paid or awarded for 2017	Amounts (or accounting value) submitted to the advisory vote	Description
Annual variable compensation		Qualitative objectives: ◗ strategic vision and identification of strategic options (10% weighting); ◗ implementation of the strategic roadmap (10% weighting). Each quantitative objective, depending on the achievement rate, triggered the payment of between 0% and 160% of the part of variable compensation it represented, and each qualitative objective between 0% and 120%. Following an assessment of the degree to which Sébastien Bazin's objectives had been achieved, at its meeting on February 20, 2018 the Board set his variable compensation for 2017 at €1,505,719, breaking down as: ◗ €1,205,719 for the quantitative objectives, which were 120.6% met overall (0% for Accor's TSR relative to the TSR of eight other international hotel groups, 80% for Accor's TSR relative to the TSR of other CAC 40 companies. The other internal quantitative objectives (guest satisfaction, level of employee engagement, and sustainable development and CSR performance) are confidential as they concern the budget, which is not publicly disclosed. ◗ €300,000 for the qualitative objectives, which were 120% met overall (120% for the implementation of the strategic roadmap and 120% for his strategic vision and the identification of strategic options). Consequently, Mr. Bazin's total variable compensation for 2017 represented 120.5% of the annual reference amount (and 158.15% of his fixed compensation for the year). Payment of this annual variable compensation for 2017 is subject to shareholder approval at the Annual Shareholders' Meeting on April 20, 2018 (6th resolution).
Exceptional compensation	N/A	Sébastien Bazin did not receive any exceptional compensation in 2017.
Performance shares	Number of shares = 36,000 (€1,236,096)	On February 21, 2017, the Board of Directors decided to use the authorization given in the 10th resolution of the Annual Shareholders' Meeting of April 22, 2016 to grant performance shares to executive officers of the Company and Group employees. In accordance with the 2017 executive officer compensation policy approved by the Annual Shareholders' Meeting of May 5, 2017, 36,000 performance shares were granted to Sébastien Bazin, representing 130% of his gross annual fixed compensation (and 0.0124% of the Company's share capital at December 31, 2017). The performance conditions attached to the shares are as follows: ◗ actual versus budgeted EBIT margin (60% weighting); ◗ actual versus budgeted free cash flow excluding acquisitions and disposals, after change in working capital (20% weighting); ◗ Accor's TSR relative to the TSR of eight other international hotel groups (10% weighting) and relative to the TSR of other CAC 40 companies (10% weighting). The performance conditions under the plan will be measured at the end of the three-year vesting period. The number of shares that vest, provided that Sébastien Bazin has not left the Group, will be based on the achievement rates for the performance conditions set out above, as validated by the Board of Directors. The achievement rates will be calculated based on the vesting criteria stipulated by the Board of Directors when the plan was set up. As regards the external performance condition, i.e. Accor's TSR relative to the TSR of eight other international hotel groups (10% weighting), and relative to the TSR of other CAC 40 companies (10% weighting), the corresponding shares will vest if Accor achieves the median ranking. The objectives for the two other (internal) performance conditions are confidential as they concern the budget, which is not publicly disclosed. At the end of the measurement period, an objective under one performance condition that has not been met may be offset by outperformance in relation to the objective for another performance condition. However, the number of shares that vest at the end of the vesting period will not exceed 100% of the number of shares originally granted.

Compensation paid or awarded for 2017	Amounts (or accounting value) submitted to the advisory vote	Description
Performance shares		Sébastien Bazin must also continue to be an executive officer of the Company in order for the shares to vest. Under the terms of the plan, for all of the performance shares initially granted to vest, and subject to fulfillment of the performance conditions, the grantee must continue to be either an executive officer of the Company or an employee of the AccorHotels Group throughout the period from the grant date to June 30, 2020 (the vesting date), except in the case of death or disability or retirement. In the event of termination of the executive officer's term of office or the employee's employment contract before the vesting date, his or her rights to all of the performance shares initially granted will be forfeited, regardless of the achievement rate for the performance conditions, unless the Board of Directors decides otherwise.
Directors' fees	N/A	Sébastien Bazin does not receive any directors' fees.
Benefits in kind	€56,829	In accordance with the 2017 executive officer compensation policy approved by the Annual Shareholders' Meeting of May 5, 2017, Sébastien Bazin has the use of a Company car and is a member of a private unemployment insurance plan. He was also entitled to up to 50 hours' advice from tax and financial advisors in 2017.
Termination benefits	N/A	At its meeting on December 16, 2013, the Board of Directors approved the principle of paying compensation for loss of office to Sébastien Bazin and on February 19, 2014, the Board reviewed the performance conditions attached to such compensation. The commitment to pay compensation for loss of office was approved by shareholders at the Annual Meeting of April 29, 2014 (5th resolution). In accordance with the 2017 executive officer compensation policy approved by the Annual Shareholders' Meeting of May 5, 2017, Mr. Bazin is entitled to compensation for loss of office equal to twice the sum of the fixed and variable compensation payable to him for the fiscal year preceding his loss of office. This compensation would be payable if Mr. Bazin's term of office as Chairman and Chief Executive Officer was either terminated or not renewed (except in the event of gross or willful misconduct) or if he was not re-elected as a director. Payment of the compensation for loss of office would be subject to the following performance criteria being met: ◗ consolidated return on capital employed for the previous three years must have exceeded the Group's cost of capital as published in the Registration Documents; ◗ *operating free cash* flow must have been positive in at least two of the previous three years; ◗ like-for-like EBITDAR margin must have exceeded 27.5% in at least two of the previous three years. These performance criteria are applied as follows: ◗ if all three criteria were met, the compensation would be payable in full; ◗ if two of the three criteria were met, half of the compensation would be payable; ◗ if none or only one of the three criteria were met, no compensation would be due. Moreover, no compensation would be due if Mr. Bazin were to resign from his position or to decide not to stand for re-election, or if he were to move to another position within the Group or if he would be able to claim his full-rate pension benefit within a short period of time. Shareholders will be asked to renew this commitment at the Annual Meeting on April 20, 2018. Sébastien Bazin did not receive any compensation for loss of office in 2017.
Non-compete indemnity	N/A	Sébastien Bazin is not entitled to any non-compete indemnity.

Compensation paid or awarded for 2017	Amounts (or accounting value) submitted to the advisory vote	Description
Supplementary pension benefits	€0	At its meeting on December 16, 2013, the Board of Directors authorized Sébastien Bazin's inclusion in the top-hat supplementary pension plan whose members comprise several dozen AccorHotels Group senior executives. The commitment was approved by shareholders at the Annual Meeting of April 29, 2014 (5th resolution). Details of the supplementary pension plan are provided in the description of the 2017 executive officer compensation policy approved by the Annual Shareholders' Meeting of May 5, 2017. Sébastien Bazin participates in an "Article 83" defined contribution plan and an "Article 39" defined benefit plan: ◗ Article 83 plan: Sébastien Bazin, as an executive director of the Company with over one year of service and a gross annual salary of more than four times the annual ceiling used for calculating French social security contributions (the "PASS") qualifies to participate in the Company's defined contribution pension plan. He will be entitled to a pension annuity (with the possibility of survivor benefits) determined based on the contributions paid by the Company for each year of his membership of the plan. The annual contribution paid by the Company corresponds to 5% of his annual gross compensation, capped at five times the annual ceiling used for calculating French social security contributions (the "PASS"). In accordance with the French Social Security Code, members who leave the Group before the date of retirement retain the rights accrued under the plan. Contributions paid under the plan on behalf of Sébastien Bazin amounted to €9,807 in 2017. ◗ Article 39 plan: Sébastien Bazin, as an executive director of the Company with a gross annual salary of more than five times the annual ceiling used for calculating French social security contributions (the "PASS"), and having complied with these criteria for more than six months during the previous year, qualifies to participate in the Company's defined benefit pension plan. He will be entitled to a pension annuity (with the possibility of survivor benefits), provided he remains with the Group until he retires and has participated in the plan for at least five years (or has served with the Group for at least fifteen years). If he does not meet these requirements, he will not be entitled to any payments under the plan. The pension annuity payable under the defined benefit plan will be reduced by the amount of the annuity payable under the above-described defined contribution plan. His benefit entitlement is built up gradually and is calculated each year for which he is a plan member based on his annual reference compensation. Each year of plan membership represents between 1% and 3% of the annual reference compensation, depending on the compensation brackets concerned, i.e.: ◗ portion of reference compensation representing between 4 and 8 times the PASS: 1%; ◗ portion of reference compensation representing between 8 and 12 times the PASS: 2%; ◗ portion of reference compensation representing between 12 and 24 times the PASS: 3%; ◗ portion of reference compensation representing between 24 and 60 times the PASS: 2%. The Board of Directors, based on recommendations put forward by the Appointments & Compensation Committee, and in accordance with the French Act No. 2015-990 of August 6, 2015, decided to amend the characteristics of the supplementary defined benefit plan of which Sébastien Bazin is a member and to make the payment of the annuity subject to the following two performance conditions: ◗ consolidated EBIT compared with the budget (50% weighting); ◗ free cash flow (excluding acquisitions and disposals), after change in working capital, compared with the budget (50% weighting). Each year, the performance condition achievement rates are validated by the Board of Directors. Benefit entitlements vest in full if the performance conditions are at least 90% met (below 90%, the vested entitlement is calculated on a straight-line basis). The benefit entitlement for any given year of plan membership therefore corresponds to the aggregate of the amounts accrued for each of the above portions, provided that the related performance conditions are met. The amount of the final pension annuity equals the sum of the entitlements calculated for each year. Two ceilings are applied to the final amount of the pension annuity: ◗ the amount of the gross annuity may not exceed 30% of the member's last annual reference compensation; ◗ given that Sébastien Bazin's last reference compensation was more than 12 times the PASS, the overall replacement rate represented by pension benefits payable under government-sponsored plans and Accor supplementary pension plans will be capped at 35% of the average of his best three years' reference compensation in the ten years prior to retirement. Shareholders will be asked to renew this commitment at the Annual Meeting on April 20, 2018.

<table>
<tr><th>Compensation paid or awarded for 2017</th><th>Amounts (or accounting value) submitted to the advisory vote</th><th>Description</th></tr>
<tr><td colspan="3">Co-investment plan</td></tr>
<tr><td>2017-2020 Co-Investment Plan</td><td>Number of shares = 154,941 (€1,603,639)</td><td>Sébastien Bazin purchased 51,647 Accor shares and received 154,941 performance shares that will vest only if all of the performance, lock-up and continued presence conditions described below are met.

At the Annual Shareholders' Meeting of May 5, 2017 shareholders approved a proposal to set up a Co-Investment Plan in 2017. This plan is designed to be a dynamic instrument for promoting executive engagement and aligning executives' interests with those of shareholders in the drive to create value, as well as an important loyalty-building instrument in an environment where the core talents needed to lead the Group's transformation are increasingly in demand.

Around 160 key executives, including the executive officers, were given the opportunity to participate in the Co-Investment Plan under which performance shares were awarded to participants in exchange for a significant personal investment in Accor shares, on the basis of three performance shares for each share purchased. The performance shares will vest if all of the following conditions are met:

- two performance conditions:
(i) an ambitious stock market performance condition based on growth in the share price over the three-year vesting period from June 20, 2017 to June 20, 2020 compared to a baseline price of €35.19 (corresponding to the average of the opening prices quoted for Accor shares on Euronext Paris over the six months preceding the Board's decision to set up the Co-Investment Plan). Performance will be measured as follows:
• if the average of the opening prices quoted for Accor shares on Euronext Paris over the six months preceding the end of the vesting period represents less than 155% of the baseline price, none of the performance shares will vest,
• if the average of the opening prices quoted for Accor shares on Euronext Paris over the six months preceding the end of the vesting period represents at least 170% of the baseline price, all of the performance shares will vest,
• if the average of the opening prices quoted for Accor shares on Euronext Paris over the six months preceding the end of the vesting period represents between 155% and 170% of the baseline price, two-thirds of the performance shares will vest,
(ii) an operating performance condition, based on EBIT. This condition will be met if cumulative reported EBIT for the three years 2017, 2018 and 2019 represents at least 90% of the sum of budgeted annual EBIT for these three years as approved by the Board of Directors;
- a lock-up condition: all of the shares representing the participant's personal investment must be held continuously throughout the vesting period, except in the case of death, total and permanent incapacity or retirement, or of a successful tender offer for Accor shares;
- a continued presence condition: the grantee must continue to be either an executive officer of the Company or an employee of the AccorHotels Group throughout the vesting period, except in the case of death or disability. If this condition is not met, the grantee's rights to all of the performance shares initially granted will be forfeited, regardless of the achievement rate for the two performance conditions, unless the Board of Directors decides otherwise. If the executive officer or employee retires or his or her term of office or employment contract is terminated (for reasons other than gross or willful misconduct), the number of performance shares that may vest will be adjusted on a straight line basis to reflect the ratio between the period served and the vesting period.

Fulfillment of the performance conditions will be assessed by the Board of Directors at the end of the vesting period and the number of vested shares will be determined based on the achievement rate for the two performance conditions described above. The total number of performance shares granted was capped at 2% of the Company's capital, and the number granted to executive officers was capped at 0.2%;

In accordance with the 2017 executive officer compensation policy approved by the Annual Shareholders' Meeting of May 5, 2017, Sébastien Bazin participated in the Co-Investment Plan.</td></tr>
</table>

Sven Boinet

Compensation due or awarded for 2017	Amounts (or accounting value) submitted to the advisory vote	Description
Annual fixed compensation	€600,000	Sven Boinet's annual fixed compensation for 2017 was decided by the Board of Directors at its meeting on December 7, 2016, based on the recommendation put forward by the Appointments & Compensation Committee. It complies with the 2017 executive officer compensation policy approved by the Annual Shareholders' Meeting of May 5, 2017, as presented in section 3.6.1 of the 2016 Registration Document. The amount of €600,000 breaks down as follows: €200,000 in his position as executive officer and €400,000 under his employment contract covering his position as Group Director responsible for Internal Audit, Legal Affairs and Security & Safety. It was paid in monthly installments during 2017.
Annual variable compensation	€722,745	According to the 2017 executive officer compensation policy approved by the Annual Shareholders' Meeting of May 5, 2017, Sven Boinet's variable compensation for 2017 could represent between 0% and 150% of an annual reference amount of €600,000, depending on the achievement rate for the performance objectives set by the Board of Directors on December 7, 2016 and presented below. Quantitative objectives: ◗ consolidated EBIT in line with the 2017 budget (25% weighting); ◗ free *cash flow (excluding acquisitions and disposals)*, after change in working capital, in line with the 2017 budget (25% weighting); ◗ Accor's positioning *Total Shareholder Return* (TSR) relative *to* the TSR of eight other international hotel groups (Marriott, Hilton, Choice, Hyatt, Whitbread, Intercontinental Hotels, NH Hoteles and Melia) (10% weighting); ◗ Accor's positioning TSR relative *to* the TSR of other CAC 40 companies (10% weighting); ◗ a combination of three criteria: guest satisfaction, level of employee engagement, and sustainable development and CSR performance (10% weighting). Qualitative objectives: ◗ management of the Group's transformation process (particularly the performance of the HotelServices/HotelInvest organization, employee relations and the management culture) (20% weighting). Each quantitative objective, depending on the achievement rate, triggered the payment of between 0% and 160% of the part of variable compensation it represented, and each qualitative objective between 0% and 120%. Following an assessment of the degree to which Sven Boinet's objectives had been achieved, at its meeting on February 20, 2018 the Board set his variable compensation for 2017 at €722,745, breaking down as: ◗ €578,745 for the quantitative objectives, which were 120.6% met overall (0% for Accor's TSR relative to the TSR of eight other international *hotel* groups, 80% for Accor's TSR relative to the TSR of other CAC 40 *companies*. The other internal quantitative objectives (guest satisfaction, level of employee engagement, and sustainable development and CSR performance) are confidential as they concern the budget, which is not publicly disclosed. ◗ €144,000 for the qualitative objective, which was 120% met. Consequently, Mr. Boinet's total variable compensation for 2017 represented 120.5% of his fixed compensation for the year. Payment of this annual variable compensation for 2017 is subject to shareholder approval at the Annual Shareholders' Meeting on April 20, 2018 (7th resolution).
Exceptional compensation	N/A	Sven Boinet did not receive any exceptional compensation in 2017.

Compensation due or awarded for 2017	Amounts (or accounting value) submitted to the advisory vote	Description
Performance shares	Number of shares = 18,350 (€630,066)	On February 21, 2017, the Board of Directors decided to use the authorization given in the 10th resolution of the Annual Shareholders' Meeting of April 22, 2016 to grant performance shares to executive officers of the Company and Group employees. In accordance with the 2017 executive officer compensation policy approved by the Annual Shareholders' Meeting of May 5, 2017, 18,350 performance shares were granted to Sven Boinet, representing 105% of his gross annual fixed compensation (and 0.0063% of the Company's share capital at December 31, 2017). The performance conditions attached to the shares are as follows: ◗ actual versus budgeted EBIT margin (60% weighting); ◗ actual versus budgeted *free cash flow* excluding acquisitions and disposals, after change in working capital (20% weighting); ◗ Accor's TSR relative to the TSR of eight other international hotel groups (10% weighting) and relative to the TSR of other CAC 40 companies (10% weighting). Performance would be measured as follows: ◗ if all three criteria were met, the compensation would be payable in full; ◗ if two of the three criteria were met, half of the compensation would be payable; ◗ if none or only one of the three criteria were met, no compensation would be due. The performance conditions under the plan will be measured at the end of the three-year vesting period. The number of shares that vest, provided that Sven Boinet has not left the Group, will be based on the achievement rates for the performance conditions set out above, as validated by the Board of Directors. The achievement rates will be calculated based on the vesting criteria stipulated by the Board of Directors when the plan was set up. As regards the external performance condition, i.e. Accor's TSR relative to the TSR of eight other international hotel groups (10% weighting), and relative to the TSR of other CAC 40 companies (10% weighting), the corresponding shares will vest if Accor achieves the median ranking. The objectives for the two other (internal) performance conditions are confidential as they concern the budget, which is not publicly disclosed. At the end of the measurement period, an objective under one performance condition that has not been met may be offset by outperformance in relation to the objective for another performance condition. However, the number of shares that vest at the end of the vesting period will not exceed 100% of the number of shares originally granted. Sven Boinet must also continue to be an executive officer of the Company in order for the shares to vest. Under the terms of the plan, for all of the performance shares initially granted to vest, and subject to fulfillment of the performance conditions, the grantee must continue to be either an executive officer of the Company or an employee of the AccorHotels Group throughout the period from the grant date to June 30, 2020 (the vesting date), except in the case of death or disability or retirement. In the event of termination of the executive officer's term of office or the employee's employment contract before the vesting date, his or her rights to all of the performance shares initially granted will be forfeited, regardless of the achievement rate for the performance conditions, unless the Board of Directors decides otherwise.
Benefits in kind	€17,676	In accordance with the 2017 executive officer compensation policy approved by the Annual Shareholders' Meeting of May 5, 2017, Sven Boinet has the use of a Company car. He was also entitled to up to 25 hours' advice from tax and financial advisors in 2017.

Compensation due or awarded for 2017	Amounts (or accounting value) submitted to the advisory vote	Description
Termination benefits	N/A	At its meeting on February 19, 2014, the Board of Directors approved the principle of paying compensation for loss of office to Sven Boinet. The commitment to pay compensation for loss of office was approved by shareholders at the Annual Meeting of April 29, 2014 (6th resolution) and again at the Annual Meeting of May 5, 2017 (11th resolution). In accordance with the 2017 executive officer compensation policy approved by the Annual Shareholders' Meeting of May 5, 2017, the compensation payable to Mr. Boinet in the event of loss of office would amount to €600,000, plus the amount of variable compensation due to him for the fiscal year preceding his loss of office, and less any termination benefit due under his employment contract. This compensation would be payable if Mr. Boinet's term of office as Deputy Chief Executive Officer were either terminated or not renewed (except in the event of gross or willful misconduct). In accordance with the AFEP/MEDEF Code, the compensation would not be due if, at the date of his departure, Mr. Boinet would be able to claim his full-rate pension benefit within a short period of time. Payment of the compensation for loss of office would be subject to the following performance criteria being met: ◗ consolidated return on capital employed for the previous three years must have exceeded the Group's cost of capital as published in the Registration Documents; ◗ *operating free cash* flow must have been positive in at least two of the previous three years; ◗ like-for-like EBITDAR margin must have exceeded 27.5% in at least two of the previous three years. Sven Boinet did not receive any compensation for loss of office in 2017.
Non-compete indemnity	N/A	Sven Boinet is not entitled to any non-compete indemnity.
Supplementary pension benefits	€0	At its meeting on October 11, 2016, the Board of Directors authorized Sven Boinet's inclusion in the top-hat supplementary pension plan whose members comprise several dozen AccorHotels Group senior executives. The commitment was approved by shareholders at the Annual Meeting of May 5, 2017 (11th resolution). Details of the supplementary pension plan are provided in the description of the 2017 executive officer compensation policy approved by the Annual Shareholders' Meeting of May 5, 2017, as presented in section 3.6.1 of the 2016 Registration Document. Sven Boinet participates in an "Article 83" defined contribution plan and an "Article 39" defined benefit plan: ◗ Article 83 plan: Sven Boinet, as an executive director of the Company with over one year of service and a gross annual salary of more than four times the annual ceiling used for calculating French social security contributions (the "PASS") qualifies to participate in the Company's defined contribution pension plan. He will be entitled to a pension annuity (with the possibility of survivor benefits) determined based on the contributions paid by the Company for each year of his membership of the plan. The annual contribution paid by the Company corresponds to 5% of his annual gross compensation, capped at five times the annual ceiling for calculating French social security contributions (the "PASS"). In accordance with the French Social Security Code, members who leave the Group before the date of retirement retain the rights accrued under the plan. Contributions paid under the plan on behalf of Sven Boinet amounted to €9,807 in 2017. ◗ Article 39 plan: Sven Boinet, as an executive director of the Company with a gross annual salary of more than five times the annual ceiling used for calculating French social security contributions (the "PASS"), and having complied with these criteria for more than six months during the previous year, qualifies to participate in the Company's defined benefit pension plan. He will be entitled to a pension annuity (with the possibility of survivor benefits), provided he remains with the Group until he retires and has participated in the plan for at least five years (or has served with the Group for at least fifteen years). If he does not meet these requirements, he will not be entitled to any payments under the plan. The pension annuity payable under the defined benefit plan will be reduced by the amount of the annuity payable under the above-described defined contribution plan.

Compensation due or awarded for 2017	Amounts (or accounting value) submitted to the advisory vote	Description
Supplementary pension benefits		His benefit entitlement is built up gradually and is calculated each year for which he is a plan member based on his annual reference compensation. Each year of plan membership represents between 1% and 3% of the annual reference compensation, depending on the compensation brackets concerned, i.e.: ◗ portion of reference compensation representing between 4 and 8 times the PASS: 1%; ◗ portion of reference compensation representing between 8 and 12 times the PASS: 2%; ◗ portion of reference compensation representing between 12 and 24 times the PASS: 3%; ◗ portion of reference compensation representing between 24 and 60 times the PASS: 2%. The Board of Directors, based on recommendations put forward by the Appointments & Compensation Committee, and in accordance with the French Act No. 2015-990 of August 6, 2015, decided to amend the characteristics of the supplementary defined benefit plan of which Sven Boinet is a member and notably to make the payment of the annuity subject to the following two performance conditions: ◗ consolidated EBIT compared with the budget (50% weighting); ◗ free cash flow (excluding acquisitions and disposals), after change in working capital, compared with the budget (50% weighting). Each year, the performance condition achievement rates are validated by the Board of Directors. Benefit entitlements vest in full if the performance conditions are at least 90% met (below 90%, the vested entitlement is calculated on a straight-line basis). The entitlement for any given year of plan membership therefore corresponds to the aggregate of the amounts accrued for each of the above compensation brackets, provided that the performance conditions are met. The amount of the final pension annuity equals the sum of the entitlements calculated for each year. Two ceilings are applied to the final amount of the pension annuity: ◗ the amount of the gross annuity may not exceed 30% of the member's last annual reference compensation; ◗ given that Sven Boinet's last reference compensation was more than 12 times the PASS, the overall replacement rate represented by pension benefits payable under government-sponsored plans and Accor supplementary pension plans will be capped at 35% of the average of his best three years' reference compensation in the ten years prior to retirement.

Compensation due or awarded for 2017	Amounts (or accounting value) submitted to the advisory vote	Description
		Co-investment plan
2017-2020 Co-Investment Plan	Number of shares = 87,822 (€908,958)	Sven Boinet purchased 29,274 Accor shares and received 87,822 performance shares that will vest only if all of the performance, lock-up and continued presence conditions described below are met. At the Annual Shareholders' Meeting of May 5, 2017 shareholders approved a proposal to set up a Co-Investment Plan in 2017. This plan is designed to be a dynamic instrument for promoting executive engagement and aligning executives' interests with those of shareholders in the drive to create value, as well as an important loyalty-building instrument in an environment where the core talents needed to lead the Group's transformation are increasingly in demand. Around 160 key executives, including the executive officers, were given the opportunity to participate in the Co-Investment Plan under which performance shares were awarded to participants in exchange for a significant personal investment in Accor shares, on the basis of three performance shares for each share purchased. The performance shares will vest if all of the following conditions are met: • **two performance conditions:** **(i) an ambitious stock market performance condition** based on growth in the share price over the three-year vesting period from June 20, 2017 to June 20, 2020 compared to a baseline price of €35.19 (corresponding to the average of the opening prices quoted for Accor shares on Euronext Paris over the six months preceding the Board's decision to set up the Co-Investment Plan). Performance will be measured as follows: • if the average of the opening prices quoted for Accor shares on Euronext Paris over the six months preceding the end of the vesting period represents less than 155% of the baseline price, none of the performance shares will vest, • if the average of the opening prices quoted for Accor shares on Euronext Paris over the six months preceding the end of the vesting period represents at least 170% of the baseline price, all of the performance shares will vest, • if the average of the opening prices quoted for Accor shares on Euronext Paris over the six months preceding the end of the vesting period represents between 155% and 170% of the baseline price, two-thirds of the performance shares will vest, **(ii) an operating performance condition**, based on EBIT. This condition will be met if cumulative reported EBIT for the three years 2017, 2018 and 2019 represents at least 90% of the sum of budgeted annual EBIT for these three years as approved by the Board of Directors; • **a lock-up condition:** all of the shares representing the participant's personal investment must be held continuously throughout the vesting period, except in the case of death, total and permanent incapacity or retirement, or of a successful tender offer for Accor shares; • **a continued presence condition:** the grantee must continue to be either an executive officer of the Company or an employee of the AccorHotels Group throughout the vesting period, except in the case of death or disability. If this condition is not met, the grantee's rights to all of the performance shares initially granted will be forfeited, regardless of the achievement rate for the two performance conditions, unless the Board of Directors decides otherwise. If the executive officer or employee retires or his or her term of office or employment contract is terminated (for reasons other than gross or willful misconduct), the number of performance shares that may vest will be adjusted on a straight line basis to reflect the ratio between the period served and the vesting period. Fulfillment of the performance conditions will be assessed by the Board of Directors at the end of the vesting period and the number of vested shares will be determined based on the achievement rate for the two performance conditions described above. The total number of performance shares granted was capped at 2% of the Company's capital, and the number granted to executive officers was capped at 0.2%; In accordance with the 2017 executive officer compensation policy approved by the Annual Shareholders' Meeting of May 5, 2017 and presented in section 3.6.1 of the 2016 Registration Document, Sven Boinet participated in the Co-Investment Plan.

DRAFT RESOLUTIONS

SUBMITTED TO THE COMBINED ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING OF APRIL 20, 2018

ORDINARY RESOLUTIONS

FIRST RESOLUTION

Approval of the 2017 financial statements of the Company

The Shareholders' Meeting, voting under the quorum and majority conditions of ordinary shareholders' meetings, having considered the report of the Board of Directors and the report of the Statutory Auditors on the annual financial statements:

- **approves** the report of the Board of Directors and the parent company financial statements for the year ended December 31, 2017, as presented to it, as well as all transactions reflected in these financial statements and summarized in these reports; and
- pursuant to the provisions of Article 223 *quater* of the French Tax Code, **notes** the absence of non-deductible charges and expenses from the results for the year ended December 31, 2017, pursuant to (4) of Article 39 of the said Code.

SECOND RESOLUTION

Approval of the 2017 consolidated financial statements

The Shareholders' Meeting, voting under the quorum and majority conditions of ordinary shareholders' meetings, having considered the report of the Board of Directors and the Statutory Auditors' report on the consolidated financial statements, **approves** the consolidated financial statements for the year ended December 31, 2017, as presented to it, as well as all transactions reflected in these financial statements and summarized in these reports.

THIRD RESOLUTION

Appropriation of profit and dividend payment

The Shareholders' Meeting, voting under the quorum and majority conditions of ordinary shareholders' meetings, on the proposal of the Board of Directors:

1. **resolves** to appropriate the profit for the year ended December 31, 2017 as follows:

Profit for the year:	€3,698,091,292.10
Retained earnings:	€0
Available reserve account:	€791,230,900.08
Distributable amount:	€4,489,322,192.18
Provision to the legal reserve taken from profit for the year:	€16,430,918.40
Payment of a dividend per share of €1.05, representing a total dividend of*	€304,628,260.65

* *Based on the 290,122,153 shares comprising the Company's share capital at December 31, 2017.*

The balance minus the amount in the available reserve account, *i.e.* €3,377,032,113.05, to be appropriated to retained earnings, which, in view of its previous balance of €0, will have a new balance of €3,377,032,113.05;

2. **resolves** that in the event of an upward or downward variation in the number of dividend-paying shares between the end of the financial year and the ex-dividend date, the aggregate amount of the dividend will be adjusted accordingly and that the amount appropriated to retained earnings will be adjusted on the basis of the dividend actually paid;
3. **authorizes** the Board of Directors, with the power to subdelegate, to withdraw or credit the retained earnings account in the amounts required under the conditions indicated above, when the dividend is paid;

4. **resolves** that the ex-dividend date will be set as May 11, 2018 and that the dividend will be paid on May 15, 2018.

   In addition, it is specified that the Company will not receive a dividend in respect of the shares it owns in the course of apportioning the dividend, the sums corresponding to the dividend not paid on the treasury shares being allocated to the retained earnings account and the overall amount of the dividend being adjusted accordingly.

   Eligible shareholders will qualify for the 40% tax relief provided for in Article 158-3-2 of the French Tax Code on their total dividend;

5. **notes,** pursuant to Article 243 *bis* of the French Tax Code, that the Company has paid the following dividends in respect of the last three financial years, fully eligible for the 40% tax relief:

Year	2014	2015	2016
Total dividend *(in euros)*	220,244,579.05	235,352,425	299,006,053.50
Dividend per share *(in euros)*	0.95	1.00	1.05

FOURTH RESOLUTION

Directors' fees

The Shareholders' Meeting, voting under the quorum and majority conditions of ordinary shareholders' meetings, having considered the report of the Board of Directors, **sets**, from the financial year beginning on January 1, 2018, at €1,320,000 the maximum amount to be apportioned among the members of the Board of Directors as directors' fees until otherwise decided by a new Shareholders' Meeting.

FIFTH RESOLUTION

Approval of the renewal of related-party commitments given to Sébastien Bazin

The Shareholders' Meeting, voting under the quorum and majority conditions of ordinary shareholders' meetings, having considered the special report of the Statutory Auditors on the agreements and commitments referred to in Article L. 225-42-1 of the French Commercial Code, **approves** the renewal of commitments given to Sébastien Bazin with regard to supplementary pension and unemployment insurance plans, as well as to termination benefits.

SIXTH RESOLUTION

Approval of the fixed, variable and exceptional components of the total compensation and benefits of any kind paid or allocated to Sébastien Bazin for the year ended December 31, 2017 (*ex post say on pay*)

The Shareholders' Meeting, pursuant to Articles L. 225-37-2 and L. 225-100 of the French Commercial Code, voting under the quorum and majority conditions of ordinary shareholders' meetings, **approves** the fixed, variable and exceptional items of total compensation and benefits of any kind paid or allocated for the year ended December 31, 2017 to Sébastien Bazin, as presented in the Company's corporate governance report, as well as in the appendix to the Board of Directors' report on the resolutions.

SEVENTH RESOLUTION

Approval of the fixed, variable and exceptional components of the total compensation and benefits of any kind paid or allocated to Sven Boinet for the year ended December 31, 2017 (*ex post say on pay*)

The Shareholders' Meeting, pursuant to Articles L. 225-37-2 and L. 225-100 of the French Commercial Code, voting under the quorum and majority conditions of ordinary shareholders' meetings, **approves** the fixed, variable and exceptional items of total compensation and benefits of any kind paid or allocated for the year ended December 31, 2017 to Sven Boinet, as presented in the Company's corporate governance report, as well as in the appendix to the Board of Directors' report on the resolutions.

EIGHTH RESOLUTION

Approval of the principles and criteria for determining, allocating and awarding the fixed, variable and exceptional compensation and benefits of any kind to be awarded to the Chairman and Chief Executive Officer in respect of 2018 (*ex ante say on pay*)

The Shareholders' Meeting, voting under the quorum and majority conditions of ordinary shareholders' meetings, having considered the report of the Board of Directors on the compensation policy for executive officers established pursuant to Article L. 225-37-2 of the French Commercial Code and published in the Company's 2017 Registration Document, **approves** the principles and criteria for determining, allocating and awarding the fixed, variable and exceptional components of the total compensation and other benefits of any kind attributable to the Chairman and Chief Executive Officer of the Company for 2018, as presented in this report.

NINTH RESOLUTION

Approval of the principles and criteria for determining, allocating and awarding the fixed, variable and exceptional compensation and benefits of any kind to be awarded to the Deputy Chief Executive Officer in respect of 2018 (*ex ante say on pay*)

The Shareholders' Meeting, voting under the quorum and majority conditions of ordinary shareholders' meetings, having considered the report of the Board of Directors on the compensation policy for executive officers established pursuant to Article L. 225-37-2 of the French Commercial Code and published in the Company's 2017 Registration Document, **approves** the principles and criteria for determining, allocating and awarding the fixed, variable and exceptional components of the total compensation and other benefits of any kind attributable to the Deputy Chief Executive Officer of the Company for 2018, as presented in this report.

TENTH RESOLUTION

Approval of the transfer of control of AccorInvest Group SA

The Shareholders' Meeting, voting under the quorum and majority conditions of ordinary shareholders' meetings, having considered the Board of Directors' report on the proposed transfer of control of AccorInvest Group SA to third-party investors, in application of the AMF Position-Recommendation DOC No. 2015-05 on the acquisition and sale of significant assets and Article 5.4 of the AFEP/MEDEF Code, **approves**, in an advisory capacity, the transfer of control of AccorInvest Group SA to third-party investors.

ELEVENTH RESOLUTION

Authorization to trade in the Company's shares

The Shareholders' Meeting, voting under the quorum and majority conditions of ordinary shareholders' meetings, having considered the report of the Board of Directors:

1. **authorizes** the Board of Directors, with the power to subdelegate, to trade in the Company's shares in compliance with Articles L. 225-209 *et seq.* of the French Commercial Code. Consequently, the Board may buy, sell or otherwise transfer the Company's shares for the following purposes in compliance with the above provisions of the Code:
   - to purchase shares for cancellation, in connection with a capital reduction decided or authorized by shareholders pursuant to the seventeenth resolution submitted to this Shareholders' Meeting of May 5, 2017, or any other resolution with the same purpose that may be passed at another Shareholders' Meeting,
   - to purchase shares for allocation under employee stock ownership plans, in particular free stock grant plans made under Articles L. 225-197-1 *et seq.* of the French Commercial Code, employee savings (or similar) plans under Articles L. 3332-1 *and seq.* of the French Labor Code, and stock option plans under Articles L. 225-177 *and seq.* of the French Commercial Code,
   - to purchase shares for allocation on the conversion, redemption, exchange or exercise of securities carrying rights to shares in the Company,
   - to make a market in the Company's shares under a liquidity contract that complies with the Code of Conduct recognized by the French securities regulator, the AMF.

   The program may also be used for any other purpose currently authorized or that may be authorized at a future date under the applicable laws or regulations, provided that the Company issues a press release notifying shareholders of said use;
2. **sets** the maximum number of shares that may be acquired under this authorization at 29 million and the maximum per-share purchase price at €70 (for a maximum number of shares representing around 10% of the share capital and a maximum total investment in the buyback program of €2.03 billion). These ceilings do not include the number or price of any shares sold during the period this authorization is in effect, if the shares concerned were originally bought back for market-making purposes in accordance with the terms and conditions defined in the General Regulation of the AMF;
3. **resolves** that (i) trading in ordinary shares may be effected and settled by any method, on the basis and within the limits prescribed by the laws and regulations in force on the transaction date, in one or several installments, on the market or over-the-counter, including through the use of options, derivatives – particularly, the purchase or sale of puts or calls – or securities carrying rights to ordinary shares of the Company, and that (ii) the entire buyback program may be implemented through a block trade;
4. **resolves** that in the event of the filing by a third party of a public offer for the Company's shares, the Board of Directors shall not make use of this authorization for the duration of the offer period without express authorization from the Shareholders' Meeting and that it shall suspend the execution of any share buyback program already initiated, except to execute it in order to satisfy a delivery of securities or a strategic transaction undertaken and announced before the launch of the public offer;
5. **resolves** that the Board of Directors may decide to implement this authorization, specifying, if necessary, its terms and conditions, and more generally do all that is necessary to achieve the successful completion of the proposed trades; and
6. **resolves** that this authorization shall be valid for a period of 18 months as from the date of this Meeting and shall supersede, with immediate effect, any previous authorization granted for the same purpose.

TWELFTH RESOLUTION

Authorization for the Board of Directors to issue free share warrants to shareholders in the event of a public offer for the shares of the Company

The Shareholders' Meeting, voting under the quorum and majority conditions of ordinary shareholders' meetings, having considered the report of the Board of Directors and the Statutory Auditors' special report, and pursuant to Article L. 233-32-II of the French Commercial Code:

1. **authorizes** the Board of Directors, in the event of a public offer for the shares of the Company, to make one or more issues of warrants entitling the holders to subscribe for one or more shares of the Company on preferential terms, and to allot the warrants free of consideration to all shareholders of record prior to the last day of the public offer, in the proportions and at the times it deems appropriate;
2. **resolves** that the aggregate par value of shares issued upon the exercise of the warrants may not exceed €217 million (*i.e.,* 25% of the share capital), not including the par value of any additional shares issued to protect the rights of the warrant holders pursuant to the applicable laws, regulations or any contractual provisions, ant that the maximum number of warrants that may be issued pursuant to this authorization may not exceed the number of shares comprising the share capital on the date of issuance of the warrants;
3. **resolves** that this authorization may only be used by the Board of Directors after obtaining a positive opinion from a special committee of the Board of Directors, chaired by the Vice-Chairman and comprising three independent directors, which shall itself be required to consult a financial adviser of its choice before issuing its opinion;
4. **resolves** that the warrants issued pursuant to this authorization shall not be exercisable and shall lapse automatically if the public offer for the shares of the Company or any counter-bid should fail and that, in such case, this authorization shall be deemed not to have been used and shall accordingly remain in full force and effect. The lapsed warrants shall therefore not be included in the aggregate number of warrants that may be issued in the event of its subsequent use;
5. **notes and resolves** that, insofar as necessary, this authorization shall entail the waiver by the shareholders of their preemptive rights over the shares of the Company to which the warrants issued pursuant to this authorization entitle their holders;
6. **resolves** that the Board of Directors shall have full powers to use this authorization and to delegate said powers subject to compliance with the law. Accordingly, the Board of Directors shall be authorized to:
   - set the terms and conditions of the issuance and allotment of the warrants, including the option to postpone or cancel the issue, and the number of warrants to be issued,
   - set the terms and conditions of exercise of the warrants, which shall be related to the terms of the public offer or any counter-bid, as well as the other characteristics of the warrants, including the exercise price or method of setting the exercise price,
   - set the terms and conditions of any adjustments to be made to protect the rights of warrant holders in accordance with the law, regulations or any contractual provisions,
   - set the terms and conditions of any capital increase arising upon exercise of the warrants, set the cum-rights date of the shares to be issued and, if it deems appropriate, deduct the costs, duties and fees incurred pursuant to the capital increases from the amount of related additional paid-in capital and deduct from this amount the sum required to bring the legal reserve up to one tenth of the new share capital after each capital increase,
   - place on record the capital increase resulting from the exercise of the warrants, amend the bylaws accordingly, perform all actions and formalities required and, more generally, do whatever is necessary; and
7. **resolves** that this authorization shall be valid for a period expiring at the end of the offer period of any public offer for the shares of the Company made within 14 months of this Meeting and that it shall cancel as of this date any prior authorization with the same purpose.

EXTRAORDINARY RESOLUTION

THIRTEENTH RESOLUTION

Authorization for the Board of Directors to issue shares and/or securities carrying rights to shares to employees who are members of an Accor Group employee stock ownership plan ("PEG")

The Shareholders' Meeting, voting under the quorum and majority conditions of extraordinary shareholders' meetings, having considered the report of the Board of Directors and the Statutory Auditors' special report, as well as the additional Board of Directors' report and Statutory Auditors' special report regarding the use of resolution twenty-five of the Shareholders' Meeting of May 5, 2017, and in accordance with Articles L. 3332-1 et seq. of the French Labor Code and Articles L. 225-129-6 and L. 225-138-1 of the French Commercial Code:

1. **authorizes** the Board of Directors to issue ordinary shares and/or securities carrying rights to ordinary shares on one or more occasions to employees of the Company and French and foreign related companies, within the meaning of Article L. 225-180 of the French Commercial Code, who are members of an AccorHotels Group employee stock ownership plan (Plan d'Epargne d'Entreprise);
2. **authorizes** the Board of Directors to grant employees free shares and/or securities carrying rights to shares, within the limits prescribed in Article L. 3332-21 of the French Labor Code, as part of any capital increase(s) carried out under this resolution;
3. **resolves** that the total number of shares that may be issued directly or indirectly under this authorization may not exceed the equivalent of 2% of the Company's capital, less the shares issued pursuant to resolution twenty-five of the Shareholders' Meeting of May 5, 2017, as of the date of said Meeting;
4. **resolves** that the subscription price for the shares issued under this authorization may not exceed the average of the prices quoted for the Company's shares during the twenty trading days preceding the Board of Directors' decision setting the opening date of the subscription period and may not represent less than said average less the maximum discount authorized by the regulations in force on the pricing date, and that the characteristics of any securities carrying rights to shares will be set in accordance with said regulations;
5. **resolves** that this resolution automatically entails for employee beneficiaries the waiver by shareholders of their pre-emptive rights to subscribe for any shares and/or other securities to be issued pursuant to this authorization, as well as their rights concerning any free shares offered to employees pursuant to this authorization;
6. **resolves** that the Board of Directors shall have full powers to use this authorization and to delegate said powers subject to compliance with the law. Accordingly, the Board of Directors shall be authorized to:
   - draw up the list of companies whose employees will be entitled to subscribe for the shares and/or other securities;
   - decide that the securities may be acquired either directly or through a corporate mutual fund;
   - allow employees a specified period of time to pay up their securities;
   - set the terms and conditions of membership of the employee stock ownership plan, and draw up or amend the plan rules;
   - set the opening and closing dates of the subscription period, the issue price of the shares or other securities and the number of new shares that may be issued;
   - place on record the capital increase(s) and carry out all related transactions and formalities; either directly or through a representative;
   - amend the Company's Bylaws to reflect the new capital and, generally, take all appropriate measures and do whatever is necessary to comply with the applicable laws and regulations;
7. **resolves** that this authorization shall terminate the previous authorization granted for the same purpose and adopted in resolution twenty-five of the May 5, 2017 Shareholders' Meeting and is granted for the remainder of the term of this resolution twenty-five, namely until July 5, 2019.

ORDINARY RESOLUTION

FOURTEENTH RESOLUTION

Powers to carry out formalities

The Shareholders' Meeting, voting under the quorum and majority conditions of ordinary shareholders' meetings, **gives** 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.

MEMBERS OF THE BOARD OF DIRECTORS

AFTER THE SHAREHOLDERS' MEETING OF APRIL 20, 2018

As of the close of the Annual Shareholders' Meeting of April 20, 2018 the Accor Board of Directors will have thirteen members:

Sheikh Nawaf Bin Jassim Bin Jabor Al-Thani

Chairman of Katara Hospitality

Term of office expires
2019 Shareholders' Meeting

- *Member of the International Strategy Committee*

Aziz Aluthman Fakhroo

Under-Secretary of State at the Ministry of Finance, Qatar

Term of office expires
2019 Shareholders' Meeting

- *Member of the Audit and Risks Committee*
- *Member of the Appointments & Compensation Committee*
- *Member of the Commitments Committee*

Sébastien Bazin

Chairman and Chief Executive Officer

Term of office expires
2020 Shareholders' Meeting

Iliane Dumas(2)

Project manager within the Group's Talent & Culture Department

Term of office expires
May 2, 2020

- *Member of the Appointments & Compensation Committee*

Sophie Gasperment(1)

Group General Manager, L'Oréal Financial Communication and Strategic Prospective

Term of office expires
2019 Shareholders' Meeting

- *Chair of the Appointments & Compensation Committee*
- *Member of the Audit and Risks Committee*
- *Member of the Corporate Governance, Compliance & CSR Committee*

Chantale Hoogstoel(2)

AccorHotels Benelux HACCP and Health & Safety Coordinator

Term of office expires
January 11, 2021

Qionger Jiang(1)

Chief Executive Officer and Artistic Director of Shang Xia

Term of office expires
2019 Shareholders' Meeting

- *Member of the Appointments & Compensation Committee*
- *Member of the International Strategy Committee*

Iris Knobloch(1)

President of Warner Bros. Entertainment France

Term of office expires
2020 Shareholders' Meeting

- *Vice-Chairman of the Board of Directors and Senior Director*
- *Member of the Appointments & Compensation Committee*
- *Member of the International Strategy Committee*

(1) Independent director.
(2) Director representing employees.

Nicolas Sarkozy[1]

Leader of the French political party Les Républicains until November 2016

Term of office expires
2019 Shareholders' Meeting

- *Chairman of the International Strategy Committee*

Patrick Sayer

Chairman of the Executive Board of Eurazeo[2]

Term of office expires
2019 Shareholders' Meeting

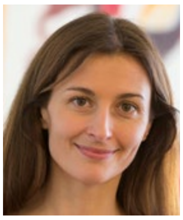
- *Chairman of the Commitments Committee*
- *Member of the Appointments & Compensation Committee*
- *Member of the Audit and Risks Committee*

Isabelle Simon[1]

Group Secretary & General Counsel, member of the Executive Committee, Thales Group

Term of office expires
2019 Shareholders' Meeting

- *Member of the Audit and Risks Committee*
- *Member of the Corporate Governance, Compliance & CSR Committee*



Natacha Valla[1]

Head of Economic Policy and Strategy at the European Investment Bank

Term of office expires
2019 Shareholders' Meeting

- *Member of the Audit and Risks Committee*
- *Member of the International Strategy Committee*

Sarmad Zok

Chairman and CEO of Kingdom Hotel Investments and *Non-Executive Board Director* of Kingdom Holding Company.

Term of office expires
2019 Shareholders' Meeting

- *Member of the Appointments & Compensation Committee*
- *Member of the Commitments Committee*
- *Member of the International Strategy Committee*

(1) Independent director.
(2) Until March 19, 2018.

STATUTORY AUDITORS' REPORT
ON THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.
This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.
This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Annual General Meeting of ACCOR,

Opinion

In compliance with the engagement entrusted to us by your Shareholders' Meeting, we have audited the accompanying financial statements of ACCOR for the year ended December 31, 2017.

In our opinion, the financial statements give a true and fair view of the assets and liabilities, and of the financial position of the Company as at December 31, 2017 and of the results of its operations for the year then ended in accordance with the accounting rules and principles applicable in France.

The audit opinion expressed above is consistent with our report to the Audit and Risk Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the Financial Statements" section of our report.

Independence

We conducted our audit in compliance with independence rules applicable to us, for the period from January 1, 2017 to the issue date of our report and in particular we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) N° 537/2014 or in the French Code of ethics for statutory auditors (*Code de déontologie*).

Observation

Without qualifying the opinion expressed above, we draw your attention to Note 1 "Accounting rules and methods" in paragraph "o) Financial Instruments" to the notes which describes the change in accounting method resulting from the application of ANC regulation n° 2015-05 on forward financial instruments and hedging operations.

Justification of Assessments – Key Audit Matters

In accordance with the requirements of articles L. 823-9 and R. 823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we bring your attention to the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period, as well as our responses to those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on specific elements, accounts or items of the financial statements.

Key audit matters	Our responses
Valuation of equity investments and related receivables	
As of December 31, 2017, equity investments (including the receivables related to the investments) amounted to €12,367 million in net value, or 86% of total assets. These securities are initially recorded in the balance sheet at cost and, if necessary, in the event of a loss in value, written down to their current value which is the higher of the market value and the value in use. As indicated in Note 1.c) to the financial statements, the market value of financial investments corresponds either to: i) the share in consolidated net worth held in these investments, ii) a valuation based on determining the average Gross Operating Income (EBITDA) of the last two years generated by the hotel investments to which is applied a multiple which depends on the type of establishments attached to these investments and their financial position and iii) an estimate prepared in accordance with recent transactions. If the valuation of the market value of financial investments as such is determined above leads to a possible impairment being recorded, a value in use is then calculated and determined as being the discounted value of expected cash flows. The estimate of market value and value in use of these securities requires management to exercise judgment notably concerning expected cash flows and also the various elements to be considered for their valuation such as profitability outlook, the economic environment in the countries concerned or the determination of EBITDA multiple to be applied. In this context and as a result of the sensitivity to data and assumptions on which the estimates to determine market value are based, we considered the valuation of equity investments and related receivables to be a key audit matter.	We have familiarized ourselves with the process for determining the recoverable amount of equity investments and the related receivables. Our work consisted in: • assessing the basis of the valuation methods used to determine the recoverable amount of equity investments; • reconciling, if necessary, the equity used with data from the accounts of the subsidiaries concerned and any adjustments made, as well as the documentation underlying these restatements; • assessing with regard to market practices, the pertinence of multiples of Gross Operating Profit (EBITDA) used, long-term growth rates and discount rates applied to cash flows with the support, if necessary, of our valuation specialists; • substantiating by interviews with management the main assumptions on which budget estimates underlying the cash flows used in the valuation models are based; • testing, by sampling, the arithmetical accuracy of the current values used by the company. Beyond the assessment of the values in use and the market values of the equity investments, our work consisted in: • assessing the recoverable nature of the receivables with regard to the analyses made on the equity investments; • examining the necessity to record a provision for contingencies should the company be required to bear the losses of a subsidiary with negative equity.

Verification of the management report and other documents provided to Shareholders

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

Information given in the management report and in the other documents provided to Shareholders with respect to the financial position and the financial statements

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the other documents provided to shareholders with respect to the financial position and the financial statements.

Report on corporate governance

We attest that the Board of Directors' report on corporate governance contains the information required by Articles L 225-37-3 and L. 225-37-4 of the French Commercial Code (*Code de commerce*).

Concerning the information given in accordance with the requirements of Article L. 225-37-3 of the French Commercial Code (*Code de commerce*) relating to remunerations and benefits received by the directors and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from controlling and controlled companies. Based on this work, we attest the accuracy and fair presentation of this information.

Regarding the information on factors that your Company considered could have a potential impact in case of a takeover or exchange offer, given in accordance with the requirements of Article L. 225-37-5 of the French Commercial Code (*Code de commerce*), we have verified they are in accordance with the underlying documentation provided to us. Based on this work, we have no matter to report on this information.

Other information

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights and cross-shareholdings has been properly disclosed in the management report.

Report on Other Legal and Regulatory Requirements

Appointment of the Statutory Auditors

We were appointed statutory auditors of Accor by the Annual General Meeting of June 16, 1995. As of December 31, 2017, our firms were in their 23rd year of uninterrupted engagement.

Prior to Ernst & Young et Autres (formerly named Barbier Frinault et Autres), Barbier Frinault et Associés had been statutory auditor since 1970.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease its operations.

The Audit and Risk Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and, where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements have been approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

Objective and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified by Article L. 823-10-1 of the French Commercial Code (*Code de commerce*), the scope of our statutory audit does not include assurance on the future viability of the Company or the quality with which Company's management has conducted or will conduct the affairs of the entity.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements;

- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit and Risk Committee

We submit a report to the Audit and Risk Committee which includes in particular as description of the scope of the audit and the audit program implemented, as well as significant audit findings. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit and Risk Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit and Risk Committee with the declaration referred to in Article 6 of Regulation (EU) N° 537/2014, confirming our independence in the sense of the rules applicable in France as defined in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code (*Code de commerce*) and or in the French Code of ethics for statutory auditors. Where appropriate, we discuss with the Audit and Risk Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards

Paris-La Défense and Neuilly-sur-Seine, March 16, 2018

The Statutory Auditors

ERNST & YOUNG et Autres	DELOITTE & ASSOCIÉS	
Jacques Pierres	David Dupont-Noel	Guillaume Crunelle

STATUTORY AUDITORS' REPORT
ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

This is a free translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.
This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Group presented in the management report.
This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Annual General Meeting of Accor,

Opinion

In compliance with the engagement entrusted to us by you, we have audited the accompanying annual financial statements of Accor for the year ended December 31, 2017.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group formed by the persons and entities included in the consolidation as of December 31, 2017 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit and Risk Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements" section of our report.

Independence

We conducted our audit in compliance with independence rules applicable to us, for the period from January 1, 2017 to the issue date of our report and in particular we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of ethics for statutory auditors (*Code de déontologie*).

Justification of Assessments – Key Audit Matters

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period, as well as our responses to those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on specific elements, accounts or items of the consolidated financial statements.

Key audit matters	Our responses
Valuation of intangible assets and property, plant & equipment	
As of December 31, 2017, the value of the Group's intangible assets and property, plant & equipment totaled €4,464 million, or 62% of total assets excluding assets classified as held for sale. These fixed assets are comprised of goodwill (€1,500 million), brands (€1,396 million) and contracts (€541 million) mainly recognized on external growth transactions, as well as other intangible fixed assets (€365 million) and property, plant & equipment (€662 million). An impairment is recognized on the balance sheet when the recoverable amount is less than the net carrying amount in accordance with IAS 36, as described in Note 9.3 to the consolidated financial statements. The determination of the recoverable amount is mainly based on discounted future cash flows, except for those relating to hotel assets not classified in assets held for sale, which is first based on a normative multiple of Gross Operating Income (EBITDA). We considered the valuation of these fixed assets to be a key audit matter, given the method for determining their recoverable amount and the significance of these account headings in the Group's accounts. In addition, these recoverable amounts are based on the use of important assumptions, estimates or assessments made by management, in particular future cash flow projections, the estimate of the discount rates, EBITDA multiples and long-term growth rates.	We have familiarized ourselves with the process implemented by the Group to determine the recoverable amount of fixed assets, intangible assets and property, plant & equipment, regrouped in Cash-Generating Units (CGU). Our work consisted in: ◗ assessing the principles and methods for determining the recoverable amounts of the CGU to which the intangible assets and property, plant & equipment are allocated; ◗ reconciling the net carrying amount of the intangible assets and property, plant & equipment allocated to the CGU tested with the Group's accounting records; ◗ assessing as much as needed with the support of our valuation experts, the pertinence of the valuation models used as well as multiples of EBITDA, long-term growth rates and the discount rates applied in these models with regard to market practices; ◗ substantiating by interviews with management the main assumptions on which budget estimates underlying the cash flows used in the valuation models are based. For this purpose, we have also compared the estimates of cash flow projections of previous periods with actual corresponding results, to assess the pertinence and reliability of the process for making forecasts; ◗ substantiating, for the goodwill and intangible assets presenting a recoverable amount near the net carrying amount, the results of sensitivity analyses carried out by management by comparing them to those realized by us; ◗ verifying, by sampling, the arithmetical accuracy of the valuations used by the company. We have also assessed the appropriateness of the disclosures provided in Note 9.3 to the consolidated financial statements.
Reclassification of all of the AccorInvest activities in assets – liabilities classified as held for sale and in discontinued operations	
The project to spin-off and sell AccorInvest (the biggest part of HotelInvest activities), announced by the Group in 2016 and whose activities have been reclassified since December 31, 2016 in "Assets and liabilities classified as held for sale", led to important legal restructuring operations in order to legally separate the HotelInvest activities from the HotelServices activities in 26 countries and to transfer them or contribute give them to the Accor Hotels Luxembourg holding company, renamed AccorInvest Group. These restructuring operations took place in most of the countries in which the Group is located, resulted in sales, partial asset transfers or spin-offs and have generated an important number of accounting entries with material reclassifications on the balance sheet. Accordingly, €4,769 million of assets relating to AccorInvest appear in assets held as for sale as of December 31, 2017, and €1,526 million in liabilities. All of the items in the income statement relating to the AccorInvest activities were also reclassified in net profit or loss from discontinued operations for €71 million in fiscal year 2017. Given the importance of these amounts, the volume and the complexity of the accounting entries resulting from the restructuring operations, and the ensuing tax impact, we considered the presentation of this information in the notes and the reclassifications made, to be a key audit matter.	We have assessed the adequacy of the items justifying the continued application of IFRS 5 ("Non-current assets held for sale and discontinued operations"), notably the loss of control of the AccorInvest Group subsequent to the planned operation, as well as the probability and effective completion timeframe for the transfer & sale transaction. Furthermore, we have examined the correct identification and valuation of the assets and liabilities classified as held for sale as of December 31, 2017 on the balance sheet as well as activities reclassified in net profit or loss from discontinued operations in fiscal year 2017. We have analyzed the tax impacts associated with the restructurings depending on applicable local tax regulations with our tax experts and after discussions with the Group's tax management team. We have also compared the net carrying amount of the net asset held for sale with the expected sale price less selling costs. This expected sale price is based on estimates of market value made by bank advisors. Finally, we have assessed the appropriateness of the disclosures made regarding this restructuring operation in the notes to the consolidated financial statements, and notably Notes 2.2 and 3 describing the spin-off project as well as the accounting rules and methods relating to the application of IFRS 5.

Specific Verification Concerning the Group Presented in the Management Report

As required by French law, we have also verified in accordance with professional standards applicable in France the information concerning the Group presented in the Board of Director's management report.

We have no matters to report as its fair presentation and its consistency with the consolidated financial statements.

Report on Other Legal and Regulatory Requirements

Appointment of the Statutory Auditors

We were appointed statutory auditors of Accor by the Annual General Meeting of June 16, 1995.

As of December 31, 2017, our firms were in their 23rd year of uninterrupted engagement.

Prior to Ernst & Young et Autres (formerly named Barbier Frinault et Autres), Barbier Frinault et Associés had been statutory auditor since 1970.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease its operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and, where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements have been approved by the Board of Directors.

Statutory auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Objective and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements;

- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit and Risk Committee

We submit a report to the Audit and Risk Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit and Risk Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit and Risk Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics (*Code de déontologie*) for statutory auditors. Where appropriate, we discuss with the Audit and Risk Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards

Paris-La Défense and Neuilly-sur-Seine, March 16, 2018

The Statutory Auditors

ERNST & YOUNG et Autres	DELOITTE & ASSOCIÉS	
Jacques Pierres	David Dupont-Noel	Guillaume Crunelle

STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS AND COMMITMENTS

Shareholders' Meeting held to approve the financial statements for the year ended December 31, 2017

This is a free translation into English of the Statutory Auditors' special report on regulated agreements and commitments that is issued in the French language and is provided solely for the convenience of English speaking readers. This report on regulated agreements and commitments should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France. It should be understood that the agreements reported on are only those provided by the French Commercial Code (Code de Commerce) and that the report does not apply to those related party transactions described in IAS 24 or other equivalent accounting standards.

To the Shareholders,

In our capacity as statutory auditors of your company, we hereby report on certain regulated agreements and commitments.

The terms of our engagement require us to communicate to you, based on information provided to us, the principal terms and conditions of those agreements and commitments brought to our attention or which we may have discovered during the course of our audit, without expressing an opinion on their usefulness and appropriateness or identifying such other agreements and commitments, if any. It is your responsibility, pursuant to Article R. 225-31 of the French Commercial Code (*Code de Commerce*), to assess the interest involved in respect of the conclusion of these agreements and commitments for the purpose of approving them.

Our role is also to provide you with the information stipulated in Article R. 225-31 of the French Commercial Code relating to the implementation during the past year of agreements and commitments previously approved by the Shareholders' Meeting, if any.

We conducted the procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this engagement. These procedures consisted in agreeing the information provided to us with the relevant source documents.

Agreements and commitments submitted to the approval of the shareholders' meeting

Agreements and commitments authorized during the year

Pursuant to Article L. 225-40 of the French Commercial Code, the following agreements and commitments, which were previously authorized by the Board of Directors, have been brought to our attention.

With Mr. Sébastien Bazin, Chairman and Chief Executive Officer

The term of office of the Chairman and Chief Executive Officer, Mr. Sébastien Bazin, was renewed on February 21, 2017 by the Board of Directors for a period of 3 years, subject to the renewal of his term as Director by the General Meeting of May 5, 2017.

In this context, the Board of Directors authorized the renewal, in the same way as the commitments made on his behalf in terms of (a) the termination benefit for his corporate term of office, (b) Group executive supplementary pension plans and (c) unemployment insurance, with the exception of the change in the commitment relating to the defined benefit supplementary pension plan (Article 39) to which he is entitled, in order to subject the vesting of rights to the achievement of two performance conditions, in accordance with the new provisions of law 2015-990 of August 6, 2015.

Reasons justifying the interest of the commitments for the Company: The Board of Directors considered that the renewal of three commitments made by the Company in favor of Mr. Sébastien Bazin are part of the renewal of his corporate term of office under conditions almost identical to those granted upon his appointment, conditions in accordance with the practices of major French companies.

a. *Nature and purpose*

Compensation for loss of office payable to Mr. Sébastien Bazin as Chairman and Chief Executive Officer or non-renewal of his Director's term of office

Terms and conditions:

The Board of Directors decided, with respect to termination benefits in the event of dismissal of Mr. Sébastien Bazin as Chairman and Chief Executive Officer or non-renewal of his Director's term of office, to pay him termination benefits corresponding to twice the total amount of his fixed and variable compensation received with respect to the last fiscal year ended prior to the date on which his term of office ended, except in the event of dismissal for serious misconduct or gross negligence. It is specified that benefits will not be paid in the event of resignation, non-renewal of his term of office at his initiative, if he changes duties within the Group or if he is eligible for a full pension in the near future.

Payment of the termination benefit would be subject to the following performance criteria:

- return on capital employed for the previous three years must have exceeded the Group's cost of capital as published in the Registration Document;
- positive operating free cash flow in at least two of the previous three years;
- like-for-like EBITDAR margin must have exceeded 27.5% in at least two of the previous three years.

Performance will be evaluated as follows:

- if the three criteria are met, the benefits will be paid at full rate;
- if at least two criteria are met, half the benefits will be paid;
- if none or only one criterion is met, no benefits will be paid.

b. *Nature and purpose*

Mr. Sebastien Bazin's inclusion in the supplementary pension plan whose members comprise Accor Group senior executives

Terms and conditions:

The Board of Directors authorized Mr. Sebastien Bazin's inclusion in the supplementary pension plan, including a defined contribution pension plan (known as "Article 83") and a defined benefit pension plan (known as "Article 39"), and whose members comprise several dozen Accor Group senior executives.

Mr. Sébastien Bazin, a Corporate officer with more than one year of past service and a gross annual compensation greater than four annual social security caps, meets eligibility conditions for the defined contribution plan ("Article 83"). At retirement, he will receive a life annuity, with the possibility of reversion, whose amount depends on the contributions paid by the Company each year into the plan. The annual contribution paid by the Company corresponds to 5% of his gross annual compensation paid in the previous year, within the limit of five annual social security caps. In accordance with the French Social Security Code, participants retain their rights to this plan in the event of departure from the Company prior to their retirement. Under this plan, the contribution paid for Mr. Sébastien Bazin totaled €9,807 in fiscal 2017.

Mr. Sébastien Bazin, a Corporate officer with an annual reference compensation greater than five annual social security caps and having satisfied these conditions over more than six months in the previous year, meets eligibility conditions for the defined benefit plan ("Article 39"). He will receive a life annuity, with the possibility of reversion, provided that he terminates his career within the Group and has contributed a minimum of five years to the plan (or has at least 15 years of past service within the Group). Otherwise, he will not be entitled to the annuity. The annuity paid under this plan is reduced by the life annuity amount payable under the defined contribution plan described above.

Mr. Sébastien Bazin gradually vests potential rights, calculated for each year of contribution to the plan according to his annual reference compensation. These potential rights represent, for each year of contribution, between 1% and 3% of his annual reference compensation according to the salary ranges.

Pursuant to law 2015-990 of August 6, 2015, the Board of Directors decided to subject Mr. Sébastien Bazin's contribution to the defined benefit plan (Article 39) to performance conditions, whose achievement should be noted annually by the Board.

The vesting of rights under the defined benefit plan is subject to achieving the following two conditions:

- EBIT compared to the budget (50%); and
- Free Cash Flow excluding disposals and external growth operations, including the change in WCR, compared to the budget (50%).

The pension annuities payable to Mr. Sebastien Bazin on retirement would not exceed 30% of his end-of-career salary (fixed plus variable) and the overall replacement rate to which he would be entitled (under government-sponsored plans and the Accor supplementary pension plan) is capped at 35% of the average of his best three years' compensation in the ten years prior to retirement.

c. Nature and purpose

Subscription to a private unemployment insurance

Terms and conditions:

The Board of Directors authorized subscription to a private insurance plan with Association pour la Garantie Sociale des Chefs et Dirigeants d'Entreprise (GSC) to provide Mr. Sébastien Bazin with unemployment benefits should he lose his employment. The benefits under this plan would be paid as from the 31st unbroken day of unemployment. The maximum length of time that Sebastien Bazin could be paid benefits under the plan has been increased from 12 to 24 months, as he has been a member of the plan for more than one year.

The premiums paid by the Company to GSC in 2017 for the unemployment insurance of Mr. Sébastien Bazin amounted to €31,245.10.

Agreements and commitments previously approved by the shareholders' meeting

A. Previously authorized agreements and commitments which have remained in force during the year

Pursuant to Article R. 225-30 of the French Commercial Code, we have been informed that the following agreements and commitments, previously approved by Shareholders' Meetings of prior years, have remained in force during the year.

1. With Sven Boinet, Deputy Chief Executive Officer

a. Nature and purpose

Employment contract with Mr. Sven Boinet

Terms and conditions:

The Board of Directors authorized the Company to enter into an employment contract with Mr. Sven Boinet covering his position as Group Director responsible for internal audit, legal affairs and safety/security. Pursuant to this contract, Mr. Sven Boinet receives a gross annual salary of €400,000, paid in twelve equal monthly installments.

Under his employment contract, Mr. Sven Boinet is eligible for membership in the supplementary plans set up within the Company whose members comprise several dozen Accor Group senior executives, it being specified that, as indicated below, Mr. Sven Boinet benefits from this plan with respect to his position as Deputy Chief Executive Officer.

b. Nature and purpose

Inclusion of Mr. Sven Boinet in the supplementary pension plan for Accor Group senior executives

Terms and conditions:

The Board of Directors authorized Mr. Sebastien Bazin's inclusion in the supplementary pension plan whose members comprise several dozen Accor Group senior executives and which includes a defined contribution pension plan (known as "Article 83") and a defined benefit pension plan (known as "Article 39"), whose characteristics and terms and conditions are specified in the first part of this report regarding Mr. Sébastien Bazin, Chairman and Chief Executive Officer.

In 2017, your Company paid €9,807 to the pension organization corresponding to the annual individual contribution to the defined contribution plan ("Article 83").

2. With Eurazeo (NOVA project)

Nature and purpose

Conclusion of a Framework Agreement with Eurazeo relating to the NOVA project

Corporate officer concerned

Mr. Patrick Sayer, CEO of Eurazeo at the date of the Framework Agreement's conclusion

Terms and conditions:

The Board of Directors meeting of April 22, 2016 authorized (i) the Company to enter into a Framework Agreement with Eurazeo providing for the subscription by Accor, directly or indirectly, to 30% of the share capital of Grape Hospitality Holding, and (ii) the conclusion of franchise agreements for the continued operation of the hotels and businesses sold under the AccorHotels brand name.

This Agreement was signed and performed on June 22, 2016.

In 2017, franchise fees and other services relating to the franchise agreement invoiced to Grape Hospitality by your Company totaled €16,836,247 excluding tax.

3. With Institut Paul Bocuse

Nature and purpose

Agreement providing for a cash advance in the form of a loan

Executive officer concerned and other related party

Sven Boinet, Deputy Chief Executive Officer of Accor and director of Institut Paul Bocuse, and Gerard Pelisson, Founding Co-Chairman of Accor and Chairman of Institut Paul Bocuse.

Terms and conditions:

The Board of Directors authorized your Company to grant, in its capacity as a member of the Institut Paul Bocuse, a €200,000 cash advance to the organization for a five-year period that bears interest at 2% per year.

This cash advance, whose purpose is to help Institut Paul Bocuse invest in new equipment, will allow AccorHotels to play a part in developing the operations of one of its long-standing partners, notably outside France.

In 2014, our company paid the amount of the loan granted, totaling €200,000, and has been receiving the related annual interest since then.

In respect of 2017, Institut Paul Bocuse paid €4,066.67 in annual interest relating to this loan.

4. With ColSpa SAS

Nature and purpose

Hotel management contract between ColSpa SAS and Accor

Corporate officer concerned:

Nadra Moussalem, Europe Executive Officer of Colony Capital Europe and director of Accor (until February 21, 2017)

Terms and conditions:

As part of Colony Capital SAS's project to redevelop the site of the former Molitor swimming pool in Paris through its ColSpa SAS subsidiary, the latter awarded your Company a contract to manage, under the MGallery banner, a 124-room hotel and various related facilities to be built on the site.

This 10-year management contract will be automatically renewable for five years, and its financial terms and conditions are comparable to those usually negotiated by the Group for similar contracts.

The transaction is line with the Group's development strategy and will enable it to manage a hotel at a prestigious location in western Paris under its fast-growing MGallery brand.

For 2017, the amount invoiced to ColSpa SAS by your Company under this contract totaled €1,257,664.24, excluding taxes.

B. Previously authorized agreements and commitments but not implemented during the year

We were also informed of the following agreements and commitments that were approved by shareholders but were not implemented during 2017.

With Sven Boinet, Deputy Chief Executive Officer

Nature and purpose

Termination benefits for Mr. Sven Boinet

Terms and conditions:

In the event of dismissal, except for serious misconduct or gross negligence, of Mr. Sven Boinet, the Board of Directors has decided to pay him termination benefits of €600,000 increased by the amount of his variable compensation received with respect to the last fiscal year ended prior to the date on which his term of office ended and less, if applicable, the amount of severance benefits owed with respect to the termination of his employment contract. It is specified that benefits will not be paid in the event of resignation, non-renewal of his term of office at his initiative, if he changes duties within the Group or if he is eligible for a full pension in the near future.

Payment of the termination benefits would be subject to the following performance criteria:

- return on capital employed for the previous three years must have exceeded the Group's cost of capital as published in the Registration Document;
- positive operating free cash flow in at least two of the previous three years;
- like-for-like EBITDAR margin must have exceeded 27.5% in at least two of the previous three years.

Performance will be evaluated as follows:

- if the three criteria are met, the benefits will be paid at full rate;
- if at least two criteria are met, half the benefits will be paid;
- if none or only one criterion is met, no benefits will be paid.

Paris-La Défense and Neuilly-sur-Seine, March 16, 2018

The Statutory Auditors

ERNST & YOUNG et Autres	DELOITTE & ASSOCIÉS	
Jacques Pierres	David Dupont-Noel	Guillaume Crunelle

STATUTORY AUDITORS' REPORT ON THE ISSUE OF FREE SHARE SUBSCRIPTION WARRANTS IN THE EVENT OF TENDER OFFERS FOR THE COMPANY'S SHARES

Combined Shareholders' Meeting of April 20, 2018

(Twelfth resolution)

(This is a free translation into English of the statutory auditors' report that is issued in the French language and is provided solely for the convenience of English speaking readers.)

To the Shareholders,

In our capacity as statutory auditors of your Company and in compliance with Article L. 228-92 of the French Commercial Code (Code de commerce), we hereby report on the proposed issue of free share subscription warrants in the event of tender offers for the Company's shares, an operation upon which you are called to vote.

Your Board of Directors proposes that, on the basis of its report, it be authorized, for a period expiring at the end of the offer period of any tender offer for the Company's shares that is filed within fourteen months from the date of this general meeting of shareholders, within the scope of Article L. 233-32 II of the French Commercial Code, to do the following:

- decide to issue, on one or more occasions, warrants subject to the regime under Article L. 233-32 II of the French Commercial Code entitling holders to subscribe for one or more shares of the Company under preferential conditions, and allocate them free of charge to all Company shareholders that were shareholders before the expiry of the tender offer period;
- set the conditions under which said warrants may be exercised and determine their characteristics.

The maximum nominal amount of the capital increase resulting from the exercise of said warrants is €217 million and the maximum number of share subscription warrants issued pursuant to this delegation may not exceed the number of shares comprising the share capital at the time the share subscription warrants are issued.

It is the responsibility of the Board of Directors to prepare a report in accordance with Articles R. 225-113 et seq. of the French Commercial Code. Our role is to report on the fairness of the financial information taken from the accounts and on other information relating to the issue, as provided in this report.

We conducted the procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) relating to this engagement. These procedures consisted in verifying the content of the Board of Directors' report relating to this transaction.

We have no matters to report as to the information provided in the Board of Directors' report relating to the proposed transaction to issue share subscription warrants in the event of tender offers for the Company's shares.

In accordance with Article R. 225-116 of the French Commercial Code, we will issue an additional report, where necessary, when this delegation of authority is utilized by your Board of Directors.

Paris-La Défense and Neuilly-sur-Seine, March 16, 2018

The Statutory Auditors

ERNST & YOUNG et Autres	DELOITTE & ASSOCIÉS	
Jacques Pierres	David Dupont-Noel	Guillaume Crunelle

STATUTORY AUDITORS' REPORT ON THE ISSUE OF SHARES OR MARKETABLE SECURITIES GRANTING ACCESS TO SHARE CAPITAL RESERVED FOR MEMBERS OF A COMPANY SAVINGS PLAN

Combined Shareholders' Meeting of April 20, 2018

(Thirteenth resolution)

(This is a free translation into English of the statutory auditors' report that is issued in the French language and is provided solely for the convenience of English speaking readers.)

To the Shareholders,

As statutory auditors of your Company and in accordance with the procedures provided for in Articles L. 228-92 and L. 225-135 et seq. of the French Commercial Code (*Code de Commerce*), we hereby report to you on the proposal to authorize the Board of Directors to decide on the issue, on one or more occasions, of shares or marketable securities granting access to share capital, with cancellation of preferential subscription rights, reserved for the employees of your Company and French or foreign companies that are affiliated to it as defined under Article L. 225-180 of the French Commercial Code, as of the date these employees are members of an AccorHotels Group company savings plan, for a maximum amount of 2% of your Company's share capital, minus the shares issued under the 25th resolution of the May 5, 2017 Shareholders' Meeting, as recorded at the end of said Meeting, a transaction on which you are being asked to vote.

This transaction is being submitted to you for your approval pursuant to Articles L. 225 129-6 of the French Commercial Code and L. 3332-18 *et seq.* of the French Labor Code (*Code du travail*).

Based on its report, the Board of Directors proposes that you authorize it, for the remaining duration of the previous delegation provided for in the 25th resolution of the May 5, 2017 Shareholders' Meeting, i.e. until July 5, 2019, to decide one or more issues and cancel your preferential subscription rights to the securities to be issued. If applicable, the Board of Directors will set the final terms and conditions of this transaction.

It is the responsibility of the Board of Directors to prepare a report in accordance with Articles R. 225-113 *et seq.*, of the French Commercial Code. Our role is to express an opinion on the fairness of the quantified data extracted from the financial statements, on the cancellation of your preferential subscription rights and on certain other information pertaining to the issuances as presented in this report.

We conducted the procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this engagement. These procedures consisted in verifying the content of the Board of Directors' report in respect of these transactions and the terms and conditions governing the determination of the issue price of equity securities to be issued.

Subject to a subsequent review of the final terms and conditions of the issues that may be decided, we have nothing to report on the method used to determine the issue price of the equity securities to be issued, as described in the Board of Directors' report.

As the final terms and conditions under which the issuances will be carried out have not yet been set, we express no opinion thereon and, consequently, on the proposed cancellation of the preferential subscription rights on which you are being asked to vote.

In accordance with Article R. 225-116 of the French Commercial Code, we shall issue an additional report, if necessary, on the performance by your Board of Directors, of any issues of shares or marketable securities which are equity securities granting entitlement to other equity securities or of any issues of marketable securities granting entitlement to equity securities to be issued.

Paris-La Défense and Neuilly-sur-Seine, March 16, 2018

The Statutory Auditors

ERNST & YOUNG et Autres — DELOITTE & ASSOCIÉS

Jacques Pierres — David Dupont-Noel — Guillaume Crunelle

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

ACCORHOTELS
Feel Welcome

COMBINED ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING

Friday, April 20, 2018

The undersigned: ....

Address: ....

....

Owner of: .... registered shares[1]

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 above-mentioned address.

Signed in: ....

On: 2018

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: €870,366,459
Headquarters: 82, rue Henri-Farman, 92130 Issy-les-Moulineaux, France
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