2017 Interim Financial Report

July 28th, 2017

ACCORHOTELS

Feel Welcome

Contents

2017 Interim Management Report

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1. Review of the first half of 2017

1.1. A BUOYANT AND STIMULATING ENVIRONMENT

The global hotel sector is currently reinventing itself completely in order to meet the challenges of geographical coverage, segmentation, brand development, property portfolio, loyalty, synergies and offerings. After a transformative 2016, when its business model was strengthened in hotels and structured in the world of travel and concierge services, 2017 marks a historic turning point for AccorHotels, which received shareholder approval on June 30, 2017 to legally separate its two business lines, HotelServices and HotelInvest, and to give each of them the opportunity to develop their respective business models as fully as possible.

In the first half of 2017, AccorHotels consolidated its digital activities by acquiring Availpro, which will form the leading European provider of digital services for independent hotels in combination with Fastbooking.

The Group has also bolstered its private home rentals business: the acquisition of Travel Keys, which joins Squarebreak and onefinestay, has made it a world leader in the private sale of luxury and upscale breaks.

AccorHotels has at the same time seized complementary growth opportunities in events, F&B and entertainment by acquiring stakes in the Potel & Chabot and Noctis groups.

Characterized by brisk growth in virtually all of its markets, including France, where perceptions regarding security conditions are now once again favorable, the Group has delivered a robust operating and financial performance, driven by vigorous development of 23,000 rooms over the first half and the consolidation of acquisitions, which are now contributing to the Group's results.

A strategy built on consistent choices is turning the Group into a leading mobility enabler, with its efforts in 2017 focused on the following strategic objectives:

- Spin-off of AccorInvest into a subsidiary and sale of the business (Booster project);
- Further sustained organic development, with a target of 40,000 new rooms over the full year;
- Integration of recent acquisitions so as to unlock substantial synergies, especially in the luxury segment;
- Diversification of the business model and implementation of new initiatives, particularly in convenience services (AccorLocal project);
- Reinvention of hotel food and beverage services and reboot of the Group's culture.

Each of these areas is a defining driver for the Group, guaranteeing its performance both today and tomorrow.

1.2. ACCORHOTELS, A WINNER IN A SECTOR UNDERGOING RAPID TRANSFORMATION

In line with 2016, AccorHotels continued its development at a rapid pace in the first half of 2017, in a buoyant economic environment.

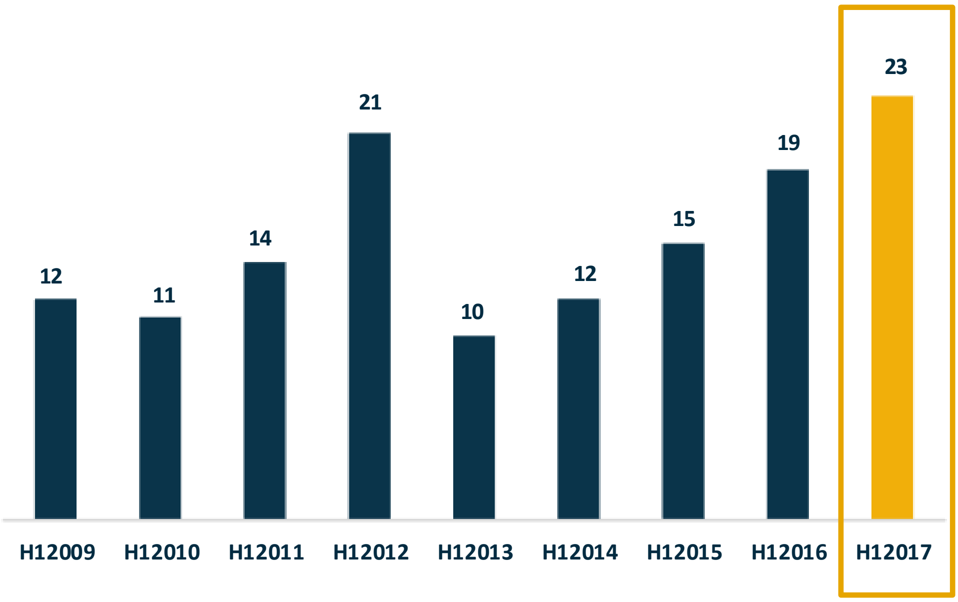
1.2.1. Robust development, serving growing global demand

The Group's development and substantial existing hotel base are essential assets in support of its growth.

1.2.1.1. A rapidly expanding hotel base

AccorHotels opened 115 hotels and 23,000 rooms throughout the world during the first half of 2017.

Record organic growth (gross, in thousands of rooms)



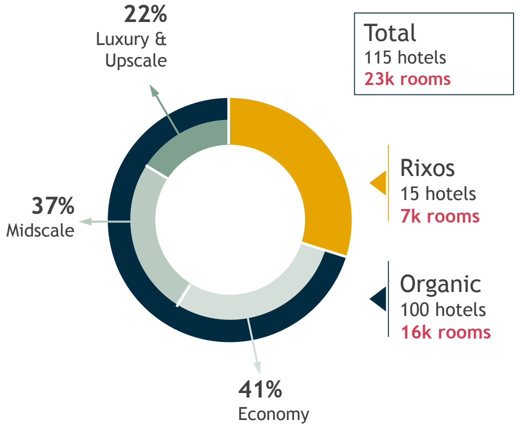
In line with the Group's growth strategy, franchise agreements and management contracts accounted for 94% of this development, which represented more than two hotel openings every three days and 100 rooms per day.

Fifty-six percent of openings to date this year have been outside Europe: 25% in Asia-Pacific, 25% in Middle East & Africa, 5% in South America and 1% in North America, Central America & the Caribbean.

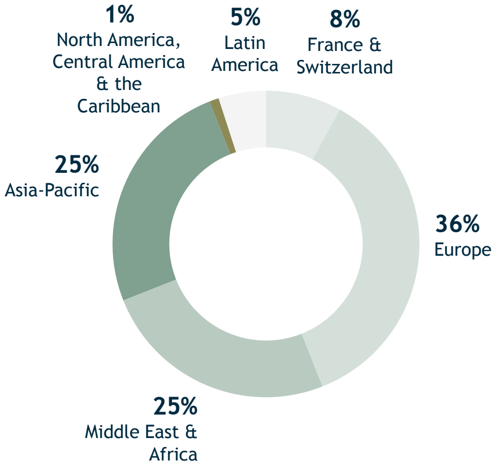
New hotels were opened in all market segments, in the same proportions as in prior years, with half in the ibis family which confirmed its strong potential throughout the world, a third in the midscale segment and the rest in the luxury segment where AccorHotels acquired strategic market shares, particularly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

In all, the hotel base comprised 4,195 hotels and 597,132 rooms as of June 30, 2017.

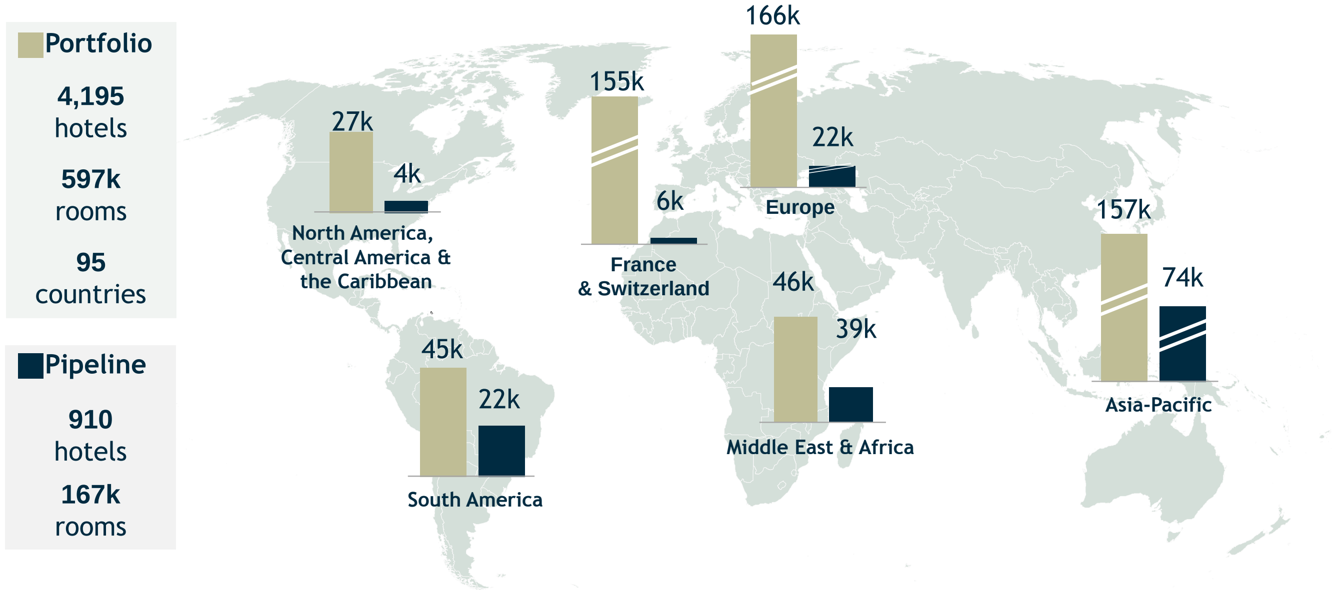
Breakdown of openings to end-June 2017



Breakdown (gross, in thousands of rooms)



AccorHotels also considerably stepped up the pace of development in China through its strategic alliance with Huazhu.



1.2.1.2. Robust development in China, supported by Huazhu

The Group's development in China was excellent, thanks to the strategic alliance with Huazhu signed in January 2016. Moving up a gear in this market since the alliance was formed, AccorHotels signed contracts with 93 hotels in the six months to end-June 2017 and began negotiations with a further 187, mainly in the economy and midscale segments.

A total of 1,063 of the Group's hotels can now be booked via the Huazhu distribution platforms and 430 Huazhu hotels can be booked via the accorhotels.com platform.

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

1.2.1.3. Stronger leadership in Brazil

On March 2, 2017, AccorHotels announced that it had consolidated its leadership in Brazil, with the integration of 26 new hotels (representing some 4,400 rooms) in the economy, midscale and upscale segments, located in the country's main hotel markets.

This 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 the current AccorHotels network in Brazil. Its acquisition extends the Group's leadership in all segments of the Brazilian market.

Representing a total of BRL 200 million (€60 million), 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.

Brazil offers considerable growth opportunities and the transaction has enabled the Group to acquire iconic hotels that will strongly raise the profile of its brands in all segments of the local market.

1.2.1.4. 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.

The Group's development worldwide has helped us to achieve a more balanced geographic presence and risk profile.

As of June 30, 2017, the development pipeline comprised 910 hotels (167,000 rooms), with just under 81% in fast-growing markets and 45% in the Asia-Pacific region. Accounting for 28% of the portfolio at the end of June 2017, the Group's development spans all AccorHotels brands and segments.

Markets tapped by the Group through partnerships and investments concluded over the past year and a half hold out growth prospects and the promise of sustained development momentum in the coming years.

1.2.2. A solid global presence at a time when hotel demand is outpacing growth in supply

AccorHotels is the leading hotel operator in Europe, which accounts for 50% of the world's inbound tourist arrivals (global inbound tourist arrivals total 1.3 billion, of which 650 million for Europe and 85 million for France).

With some 300,000 hotel rooms in Europe, the Group boasts the largest portfolio in Europe and in France, bigger than those of its three main competitors combined, and the same applies in Latin America. It therefore stands to benefit significantly from growth in global tourism flows in the coming years.

This is particularly the case because 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, meaning that global demand will automatically outstrip supply for some time to come.

This vision is shared by other players that are investing heavily in hotel chains in anticipation of a sustained rapid increase in the number of Chinese and other travelers worldwide over the next five years. Within the next three years, China is expected to be the third largest source of inbound tourist arrivals in the United States, behind Canada and Mexico. Some five million additional Chinese travelers are already expected every year through to 2020. The growing worldwide demand has encouraged a certain number of hospitality groups to increase their share of the global hotel offer, particularly in the last two years.

1.2.3. Hotel industry consolidation

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

These M&A strategies are designed to help hospitality groups to 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 offering;
- 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. AccorHotels is currently the market leader in Europe and the hospitality group with the deepest presence in emerging markets in the Asia-Pacific, Middle East & Africa and Americas regions. Moreover, by opening its marketplace to independent hotels, the Group is able to favorably increase its influence in the most dynamic regions.

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. The Group has chosen to position AccorHotels as the customer's travel companion by maximizing hotel comfort and developing digital and other services to facilitate their stay.

In addition to broad market coverage, 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 derive economies of scale from operational and administrative synergies.

1.3. EXPANSION OF THE BRAND PORTFOLIO

Benefiting from its strengths, AccorHotels took part in the process of industry consolidation in July 2016 by acquiring the FRHI Group and its three iconic brands, Raffles, Fairmont and Swissôtel.

In the wake of this acquisition, which made AccorHotels a world leader in luxury hotels, our teams signed 26 new contracts in the period to end-June 2017, marking not only the success of the integration of FRHI into the AccorHotels group, but also demonstrating the intensification of the Group's development.

AccorHotels also expanded its position in the luxury resort market in the first half of 2017.

1.3.1. Expansion of the brand portfolio to include luxury resorts

AccorHotels has forged strategic partnerships with Banyan Tree and Rixos Hotels so as to boost its presence in the upscale and luxury segment, with a particular focus on international resorts.

1.3.1.1. Strategic partnership with Banyan Tree

Singapore-based Banyan Tree is an international developer and operator of hotels and resorts, luxury homes offered for rent and spas, with a portfolio of 43 resorts and hotels, 64 spas, 77 shopping malls and 3 golf courses in 28 countries. Organized around the Banyan Tree, Angsana, Cassia and Dhawa brands, Banyan Tree holds key positions in the luxury resort segment in Asia, one of the hospitality industry's fastest-growing markets, which naturally caught the Group's attention.

As part of the partnership, AccorHotels has committed to investing €16 million (SGD 24 million) to develop and manage hotels under the Banyan Tree brands, a deal that will extend the Group's leadership in the luxury hotel segment. Leveraging the Group's international presence and expertise, the Banyan Tree offer will be distributed on the AccorHotels booking and sales platform and will be included in the Le Club AccorHotels loyalty program.

The investment will be made by acquiring a convertible bond which, upon conversion, will give AccorHotels an interest of approximately 5% in Banyan Tree. The Group also has a call option on a further 5% stake.

The transaction has expanded the Group's field of action, and also grown its guest base. Banyan Tree adds to the wide array of brands and experience promises associated with AccorHotels, in the same way as Rixos Hotels, a strategic partner of the Group since February of this year.

1.3.1.2. Strategic partnership with Rixos Hotels

This 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.

Set up in 2000, Rixos Hotels is one of the world's fastest-growing all-inclusive resort operators in the EMEA region, with a strong presence in Turkey, the United Arab Emirates, Egypt, Russia and Europe. It manages eight resorts directly and has granted franchises on eight other establishments in Turkey, representing a total of 7,000 rooms.

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. Each establishment is a blend of local traditions, brand-specific experiences and exceptionally high quality bespoke services.

AccorHotels will initially add to its network 15 iconic hotels boasting excellent performances that are ideally positioned in luxury resort markets. Five city-center hotels will be converted to AccorHotels brands and will also be managed by the Group. Rixos will shortly add to this portfolio a second hotel in Dubai, then two more before the end of 2018, located respectively in Abu Dhabi and the Maldives, illustrating the Rixos brand's expansion in this core resort market.

The strategic partnership with Rixos Hotels will enable AccorHotels to become the best provider of multiple guest services, by operating hotels located in major leisure complexes that open up new opportunities in terms of both guest experience and development strategy. On completion of the transaction, AccorHotels will own a 50% stake in the new structure.

These strategic alliances thus serve to raise AccorHotels' profile and give it a more balanced brand portfolio. They also provide a gateway to previously unexplored markets.

AccorHotels has at the same time taken the full measure of the digital transformation that has been disrupting the hospitality sector in recent years, and has decided to take a role as one of its key players.

1.4. THE INDUSTRY’S DIGITAL TRANSFORMATION, AND ITS NEW PLAYERS

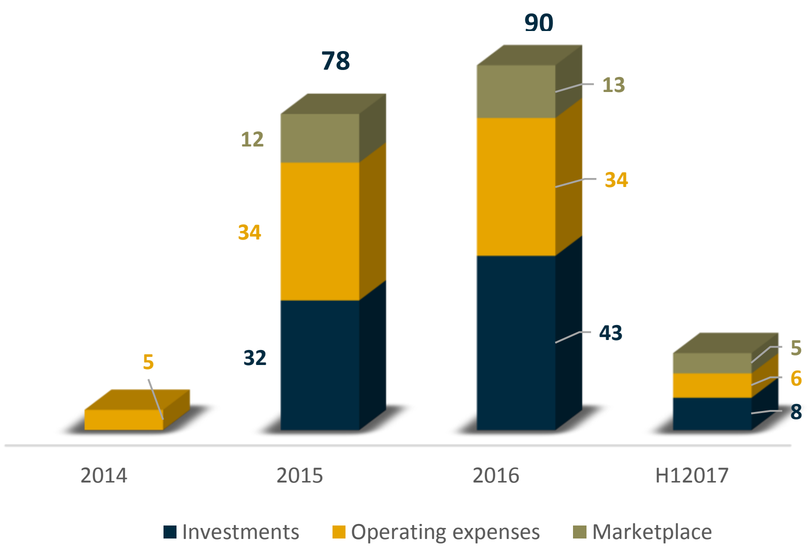
1.4.1. A pertinent digital plan offering a response to industry challenges

Digital technology has been driving innovation at the very heart of the hotel and travel industry for several years. That's why the digital plan was introduced in October 2014. The aim of this five-year €225 million investment plan was to usher in a profound digital transformation within the Group, to consolidate its leadership across the guest experience value chain (see the 2015 Registration Document, page 18).

In June 2015, the plan's budget was increased by 10% to finance the creation of the accorhotels.com marketplace, which has since been launched and is rapidly developing.

As of June 30, 2017, a total of €192 million had been committed (€83 million for investments, €79 million for operating expenses and €30 million for the marketplace), of which €5 million in 2014, €78 million in 2015, €90 million in 2016 and €19 million in first-half 2017, and work under the plan was nearly 77% complete.

In total, 85 people have been hired in relation to the digital plan, and, more generally, nearly 1,000 people have been involved in its deployment over the past three years.



Built around the Group's customers, employees and partners, the plan is designed to rethink the role of digital technology and incorporate it into every aspect of the guest experience, while also improving the Group's offering for investor partners and consolidating its distribution market share.

It is based on a comprehensive approach to digital challenges, in a market environment characterized by swift technological change, rapidly changing guest practices and the arrival of new disruptors such as digital platforms.

1.4.2. The emergence of digital platforms

Digital platforms, followed more recently by the collaborative economy, have carved out a big place for themselves in the hospitality industry, replicating the approach adopted in many other sectors in recent years. Their power lies precisely in being able to escape bricks-and-mortar constraints, and to focus their resources and expertise closely on connecting people looking for accommodation and people who can provide it.

The technologies implemented by these platforms have quickly launched them on the wave of new customer consumption patterns, allowing them to gather significant amounts of personal information and to build a vast offering. From the Group's perspective, however, this type of essentially electronic relationship alone is not enough. It must be accompanied, at the same time, by personalized service that is adapted to each customer's needs. And this personalized relationship can only really be established with guests when they are physically welcomed to the Group's hotels or luxury homes, where the quality of service ensures that they enjoy a top-notch hospitality experience that meets their needs. Otherwise, they are simply being provided with accommodation.

This personalized relationship, which adds value to the experience offered to customers, is a key asset for operators of hotels and homes with concierge services, enabling them to nurture customer loyalty and ensure that guests continue to choose AccorHotels rather than these platforms. Hosts (including hotel operators) are in a position to provide the services sought by guests, and the viral nature of information – considerably amplified by price comparison websites that are now an integral part of the sector's digital ecosystem – needs to be leveraged to drive growth.

Responding to the very rapid emergence of online agencies 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.

1.4.3. More balanced regulation of the hotel offer

Commission-based digital platforms can generate between 7% and 20% of a hospitality groups' total sales. The key 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 measures are extremely 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 effectiveness of online booking platforms. This has positively impacted hotel profitability, particularly in France and Germany, by enabling margins to be reintegrated into the value-creating 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 a group like AccorHotels is to turn customers referred by these platforms, who would not otherwise have chosen one of its hotels, into loyal customers of the brand by making them want to make their future hotel bookings directly through the Group rather than via online agencies.

This is the goal of the guest loyalty strategy, which has been recast in recent years. This work is starting to pay off, largely thanks to Le Club AccorHotels.

1.5. CONSOLIDATION OF THE ACCORHOTELS' ECOSYSTEM

1.5.1. Le Club AccorHotels: loyalty as a growth driver

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 between the hotels and their guests.

Cardholders proportionally consume more than other guests because they can redeem their loyalty points, which tends to encourage consumption. A member of Le Club AccorHotels is generally more active and generates more revenue for the Group.

With this in mind, loyalty programs have been substantially recast over the past three years, leading to a 100% increase in the number of cardholders between 2014 and end-June 2017.

The Group's various loyalty programs – Le Club AccorHotels but also the programs operated by the Raffles, Fairmont and Swissôtel brands and the program of Huazhu, the Group's strategic partner in China – represent a wealth of opportunities to raise the Group's visibility among the 123 million cardholders, including 82 million in China, through earn-and-burn and other benefits.

Cardholder growth is central to the strategy to expand the Group's market share, as it directly influences the Club's contribution to total revenue, which has increased steadily in recent years from 24% in 2014 to 28% in 2015, 30% in 2016 and 31% in first-half 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.

AccorHotels is generally closing the gap on its major American competitors in terms of the contribution of loyalty programs to total revenue. The Group's Only-on program offering special prices to cardholders who book online has helped to lock in new cardholders who contribute more to revenue, while also providing the

Group with high quality data for its CRM program.

The Group's loyalty programs are a powerful persuasive resource, because cardholders earn points when they stay at Group hotels which is not the case for guests who book through an online agency.

Leveraging this principle, competing hospitality groups, particularly in the United States, have secured between 40% and 60% of their own bookings. AccorHotels has set the objective of matching this rate with its own loyalty programs.

Deployment of the AccorHotels marketplace also helps expand the Group's market share and strengthen its global network.

1.5.2. The accorhotels.com marketplace, an influential gateway to the AccorHotels network

Since its takeover by AccorHotels in 2015, independent hotel services specialist Fastbooking has become a pillar of the Group's digital factory, its hub for digital services to hotel operators.

Since its integration into AccorHotels in June 2015, **Fastbooking** has become the marketing platform of the accorhotels.com marketplace. The Group's hotels around the world were already featured on the Fastbooking platform prior to its acquisition, and since June 2015, the platform has been opened up to a growing number of carefully selected independent hotels.

In the two years since its launch, accorhotels.com has signed up no fewer than 1,800 independent hotels worldwide. The platform's openness to non-Group brands not only increases the Group's revenue by generating commission income, it also strengthens the Group's influence with independent hotel operators and their customers. Bearing in mind that independent hotels account for the vast majority of global supply, it is clear that this is a critical challenge.

The integration into the marketplace of numerous non-Group hotels clearly creates data security issues that are extremely critical for the Group. Data security is therefore a key priority and the subject of constant vigilance.

Every site that is connected to AccorHotels therefore benefits from AccorHotels' security resources, to ensure the same level of security both inside the Group and across its network.

While security teams keep a constant watch and optimize the interfaces between the hotel sites and accorhotels.com, the Group's applications and electronic and information systems are also audited continually to prevent any security breaches or attempts to hack or destabilize these systems, which could adversely affect the Group or the stakeholders in the Group's digital ecosystem.

Unable to guarantee the level of security at each hotel that deals with Fastbooking, the Group has adopted an extremely prudent approach that consists in providing hotel operators with limited access to AccorHotels applications (it being understood that risks are inherent in all sites on the Internet), and, more importantly, in creating a totally secure intermediary site, myhotel.accorhotels.com, which complies with the payment card industry data security standard (PCI DSS), based on multi-factor authentication. This site serves as a completely secure interface between hotel operator sites and the Group's booking system, thereby preventing data theft and ensuring the security of customers' card information.

At the same time, Fastbooking continues to expand its range of digital services dedicated to independent hotel operators, enabling them to improve their online reputation and to build up both their online visibility and direct distribution strategies.

To expand and strengthen the Group's service offering in this area, AccorHotels also acquired Availpro on April 5, 2017, creating the European leader in digital services to independent hotels.

1.5.2.1. Acquisition of Availpro

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

In an expanding and highly competitive sector, the companies will work together to benefit hoteliers 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, will 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 will be 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 will also benefit from the know-how of the Fastbooking teams in terms of digital marketing.

Concurrently with the development of the hotel offer via the marketplace and its suite of digital services for hoteliers, AccorHotels has decided to play a bigger role in the collaborative economy, also known as the sharing economy. This very recent trend has gained considerable momentum 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.

Competition between the traditional economy and the collaborative economy, which includes digital platforms, is being waged in the private rental market rather than the hotel market. 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.

The Group naturally saw this new trend – which is akin to offering basic hotel services without being a hotel – as a major diversification and growth opportunity, seizing it by means of further acquisitions and investments in this area in the first half of 2017.

1.6. CONSOLIDATION OF THE LUXURY SERVICED HOME RENTALS DIVISION AND EXPANSION INTO PRIVATE SALES

In just over a year, AccorHotels has become the world leader in this market, which is an excellent strategic fit with its luxury hotel brands and offers considerable growth potential.

After increasing its stakes in luxury home rental platforms Squarebreak and onefinestay in 2016, AccorHotels has pursued its investments in 2017, guided by its aim of investing in the luxury end of the home rental market and offering packages that include a high-quality hotel service component.

1.6.1. Acquisition of Travel Keys

In the second quarter of 2017, AccorHotels acquired Travel Keys, one of the leading players in the luxury private rental market.

Founded in 1991, Travel Keys is an elite travel broker representing a collection of over 5,000 personally inspected luxury villas in more than 100 destinations throughout the Caribbean, Mexico, Hawaii, the United States, Europe, Asia and Africa. A pioneer in the luxury home rental segment, this Atlanta-based company offers guests exceptionally high quality hotel and concierge services available 24/7.

Together, Travel Keys, onefinestay and Squarebreak provide AccorHotels with a unique, carefully selected offering of about 10,000 addresses in the luxury home rental market, in both vacation and urban settings.

Travel Keys contributes to the Group's network a portfolio of luxury homes offering customers an extraordinary experience, including some of the finest homes in the world's most beautiful locations, with an unrivaled range of services.

1.6.2. Acquisition of VeryChic

AccorHotels has also acquired VeryChic, a digital platform for the private sale of luxury hotel rooms and apartments, cruises, breaks and packages, creating a European leader in the private sale of luxury and upscale hotel rooms and breaks.

Created in 2011, VeryChic now enables more than 3,000 luxury and upscale hotel partners to optimize their distribution and provides them with access to new guests via 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 a member base of more than 5 million. VeryChic generates substantial booking volumes, with almost half coming through the mobile app. The quality and competitiveness of its offering mean it can rely on repeat customers of nearly 50%.

Through this transaction, AccorHotels intends to strengthen its expertise in the creation of exceptional private sales and also to enable VeryChic to accelerate its international development and become the global leader in its sector.

At the same time, reflecting its relentless determination to enrich its offering and expertise for the benefit of its guests, the Group has made targeted investments in the events, F&B and entertainment sector through Noctis and Potel & Chabot.

1.7. ENRICHMENT OF ACCORHOTELS' ACTIVITIES IN EVENTS, FOOD & BEVERAGE AND ENTERTAINMENT

1.7.1. Acquisition of 31% of Groupe Noctis

AccorHotels has acquired 31% of Groupe Noctis from the FCDE (*Fonds de Consolidation et de Développement des Entreprises*).

Created in 2008, Groupe Noctis is a key player in the hospitality market covering three segments, namely events, catering and entertainment. With 800 employees and a collection of exclusive venues in Paris, regional France and abroad, it treats its French and international customers to a choice of upscale and iconic venues (Monsieur Bleu, Loulou, Pavillons des Etangs, YOYO, Château de Longchamp, Raspoutine, Castel, etc.), organizing over 3,000 events each year.

The FCDE invested €11 million in Noctis between 2013 and 2014 to help it roll out its strategically important events business, notably through acquisitions designed to build a major force now boasting one of the finest asset portfolios in Paris. In just four years, it has grown its revenue by 250%.

To date, it has signed agreements to open 10 new venues including Restaurant Girafe (Cité de l'Architecture et du Patrimoine, Paris 16), Electric (Porte de Versailles, Paris 16), Compagnie 1837 (Saint Lazare train station, Paris 9) and the rooftop restaurant at 52 Champs-Elysées (Paris 8). These projects will cement the Group's position in the hospitality market and rank it among the leading entertainment companies in Paris.

Noctis will be able to tap into AccorHotels' expertise in creating customer experiences, nurturing loyalty and providing top-of-the-line services with a personal touch for increasingly discerning clients – above all to address French and international business clients' requirements.

By investing in a top-tier Paris-based entertainment specialist, AccorHotels is cementing its leadership in the City of Light, a prominent destination for international and local customers seeking original and exclusive venues, whatever their style of accommodation.

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

1.7.2. Acquisition of 40% of Potel & Chabot

The acquisition of a 40% stake in Potel & Chabot was seen by AccorHotels as a means of joining forces with an iconic brand boasting an unrivaled position in France topped off by enormous international growth potential.

Founded in 1820, Potel & Chabot Group, which generates revenue in excess of €100 million, has unparalleled expertise in the organization of tailor-made prestigious reception events. Through its two brands, the Group has over the years become the industry standard in both the luxury (Potel & Chabot) and premium (Saint Clair le Traiteur) segments.

Its offering covers three major, mainly B2B, activities: receptions for corporate and private clients, major sporting, industrial and cultural events (such as the French Open at Roland Garros, the Biennale des Antiquaires, the 24 Hours of Le Mans and the Saut Hermès), as well as the exclusive management of unique reception venues within the heart of Paris: Pavillon Vendôme, Pavillon Seine, Pavillon Kléber, Pavillon Gabriel, Hôtel d'Evreux, Pavillon Cambon Capucines and Pavillon Dauphine.

In addition to the resources provided by its investors, Potel & Chabot Group will also be able to leverage the business expertise of AccorHotels in order to develop an innovative and sophisticated F&B offering for guests (either in hotels or private rentals) as well as for a local clientele, by making use of personalized concierge services.

Together, AccorHotels, Noctis and Potel & Chabot will enjoy substantial synergies and opportunities for expansion, giving each of them new development perspectives, such as in convenience services, facilitated last year by AccorHotels' acquisition of 80% of John Paul, world leader in concierge services.

1.8. THE ACCORLOCAL PROJECT: DIVERSIFICATION OF ACCORHOTELS' ACTIVITIES INTO CONVENIENCE SERVICES

Not only is AccorHotels keeping pace with the trends shaping the industry, it is also reinventing itself by coming up with new drivers of future growth and value creation.

For a hospitality group like AccorHotels that is both a travel specialist and a mobility-enabler, the challenge is to also become a multiservice specialist covering all guest experiences. A presence at all stages in the guest experience increases the number of points of contact with them. The Group's many different offers provide a multitude of opportunities to interact with customers, for example when they use its luxury home rental platforms, hotel networks or future concierge services.

AccorHotels plans to reposition its hotels in their ecosystem. The key aim is to expand their role by drawing in local residents in order to offer them the types of convenience services that maintain and enhance relations between neighbors.

The Group's hotels welcome travelers throughout the year, offering them the best experiences. And yet their numbers are dwarfed by the people living around the hotels in the Group's 95 host countries who represent a potential customer base that is roughly six times greater. The challenge for the Group is to multiply the points of contact with these potential customers through regular exchanges, in order to increase their awareness of its ecosystem and in this way expand the customer base, for the benefit of all its businesses.

AccorHotels currently has more than 4,000 addresses open 24/7 and staffed by customer service specialists. Very few businesses can offer this level of uninterrupted availability. By introducing services that are useful for people living close to its hotels, in addition to its traditional accommodation and food and beverage services, the Group will open up a considerable market given its network's very broad reach. In addition to creating a new source of revenue, the increase in the hotels' business volumes will help to make the communal areas more profitable and boost the profits earned during the traditionally quieter periods of the day and night.

The Group has identified at least fifty services that could be used by local residents, such as apartment concierge services, trips to the shoe-mender, the return of rental vehicles, ticket printing, putting fuel in cars, or simply arranging for parcels to be delivered to the hotel for 24/7 collection. The hotels may also offer these new customers access to their infrastructure (fitness centers, co-working facilities, 24/7 F&B).

In line with the initiatives taken in the lifestyle segment, these hotels will open their doors to the people living in the neighborhood, creating places where people can interact and work together, that will participate in local life in the same way as neighborhood stores. An example is the Jo&Joe brand's Open House concept, which is designed to also facilitate the daily life of people living nearby.

The idea is being tested in 80 hotels in France (in Paris and in four regional cities), to determine the services that are capable of generating additional footfall and revenue, and to find the right organization between the digital ecosystem and use of the hotels. This diversification will naturally be supported by John Paul's expertise and the service offering that the company intends to develop rapidly in the coming months.

1.9. ACCORHOTELS' FUTURE MODEL

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

Alongside the various initiatives taken by the Group over the last two years (described above), AccorHotels has undertaken a major transformation of its business model by creating the conditions for new development potential, both for itself and for AccorInvest.

1.9.1. AccorInvest, a special, soon-to-be-separate partner of AccorHotels

1.9.1.1. AccorInvest enjoys the legacy of HotelInvest's sound fundamentals

Since November 2013, HotelInvest has been transformed in a way that will play a decisive role in improving the Group's value creation and bring it closer to its objective of delivering performances comparable with those of its US competitors from 2017.

Ninety percent of the hotels owned by HotelInvest are located in Europe. Valuing HotelInvest is a simple exercise because its assets consist primarily of cash flow generating hotels operating under the ibis, Novotel and Mercure brands.

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

Turning over assets enables HotelInvest to increase the value of the portfolio and boost its operating profit, notably by reducing the number of leases. Between late 2013 and late 2016, the gross value of HotelInvest's assets increased by 68% from €4.5 billion to €7.6 billion, thanks to acquisitions, restructuring and its hotels' intrinsic performance. The portfolio's profitability at the same time underwent a compelling recovery, with the operating margin firming from 4% in 2013 to 8.3% in 2016.

While this represents a spectacular improvement in the space of just three years, the Group is confident that leveraging the business's future growth potential will allow it to lift its EBITDA margin from 15% in 2016 to 25% over the next four years, and to take the gross asset value of the portfolio up from €6.6 billion at the end of 2016 to €10 billion by 2021.

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

- ongoing restructuring, 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 detailed capital spending plan for each hotel concerned;
- renewed development momentum, supported by hotel building and purchase plans.

Since 2013, HotelInvest has demonstrated its ability to deliver convincing results that attest to the credibility of its teams.

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

The spin-off and sale of AccorInvest to investors is an essential step aimed at allowing both groups to intensify their growth. It will allow them to leverage 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 very nature of their respective businesses.

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

Their financial resources, profitability and growth will now be focused fully on the interests of their respective business models, and the consolidation of their leadership positions will be assessed on the basis of valuations that solely reflect the intrinsic quality of their specific models and growth outlooks.

1.9.1.3. Progress made on the Booster project to date

At the end of June 2017, the spin-off of HotelInvest was running slightly behind the schedule set in the summer of 2016, but perfectly in line with the overall plan:

- The legal, tax and employment processes are now complete. Discussions with employee representatives were frank, and held in a climate of utmost respect and mutual understanding.
- The contribution to AccorInvest of assets held by Accor SA in HotelInvest was approved by 99.67% of the Group’s shareholders at an Extraordinary General Meeting on June 30, 2017, and the transfer of other assets held by the Group’s subsidiaries is now complete.
- AccorInvest’s agreed funding in the amount of €2 billion has been secured with some 20 international banks.
- Discussions with AccorInvest's future shareholders are proceeding as planned. The Group has received strong expressions of interest from a satisfactory number of world-class long-term investors.
- These investors view AccorInvest as an attractive growth vehicle and value the quality of AccorHotels' signature, as a party to long-term management contracts with AccorInvest but also as an AccorInvest shareholder.

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

1.9.2. AccorHotels, a wide-reaching group specializing in travel and mobility

AccorHotels is focusing on the customer experience in the various universes it creates for its guests. It is currently extending the principle of hospitality in three verticals, corresponding to complementary business activities and types of offering.

The hotel business operated under franchise agreements and management contracts will naturally remain the central focus of the Group's business model.

AccorHotels will capitalize quickly on the two new business lines, which will contribute around 30% of consolidated profit within the next five years according to Group estimates.

- The first, which is currently in the consolidation phase, is dedicated to travel and comprises luxury home rental and the marketplace offering all of the Group's accommodation solutions.

  The luxury serviced home rental business, which is undergoing a phase of consolidation, includes onefinestay, Squarebreak and Travel Keys. It will be ramped up in the coming years by consolidating these players' dominant market positions, stepping up the pace of their development and growing their market shares. This business reflects changing customer behaviors, particularly in the leisure area, with the success of digital platforms attesting to the shift in demand towards rental options. The Group's recent acquisitions in the luxury home rental segment have already positioned AccorHotels as a market leader, with more than 10,000 idyllic homes in the portfolio, and further acquisitions will be made in the coming months and years.

- The second, still in the test phase in 80 hotels in five cities including Paris, will offer convenience services to people living close to the 4,000 hotels operated under Group banners or visiting the neighborhood.

  These convenience services, to be provided in all of the Group's host countries worldwide by John Paul, will be offered in the hotels or as digital solutions. The resulting ecosystem will be 100% customer-centric, in line with AccorHotels' absolute commitment to offering customers the best possible service. Several hundred million city-dwellers pass in front of the Group's hotels every day but only a few million of them cross the threshold as customers. Offering them concierge services extremely well managed by John Paul will enable AccorHotels to broaden the scope of their hotels, taking advantage of the fact that they are open around the clock to offer many more services – and in turn to boost revenue.

This transformation will naturally be supported by enhanced digital resources to communicate even more easily with customers, in a variety of ways.

The various equity investments made by the Group in recent years in order to enhance its service offering, whether in Wipolo, Fastbooking and Availpro, onefinestay, Squarebreak and Travel Keys, VeryChic and John Paul, or Noctis and Potel & Chabot, dovetail with those carried out at the same time to diversify its portfolio of brands in the luxury segment with FRHI, in lifestyle with Jo&Joe and 25hours, and in resorts with Banyan Tree and Rixos Hotels.

These acquisitions, by diversifying the Group's activities, enriching its service offering and putting it in a strong position to complete its transformation, are aimed not only at making AccorHotels stronger and more present in its customers' lives, but also at making it more profitable and capable of creating even more value.

2. 2017 Interim consolidated results

On July 12, 2016, AccorHotels announced its intention to spin off and dispose of its real estate operations, united under AccorInvest. In accordance with IFRS 5, the assets held for sale have been placed in a separate line item on the balance sheet and in the income and cash flow statements. The financial data presented in this press release reflect this accounting treatment.

The Group is now structured around the following segments:

- **HotelServices**, which houses the hotel franchisor and operator business, as well as activities related to hotel operations;
- **New businesses**, which at this stage brings together Fastbooking and Availpro, onefinestay, Travel Keys, VeryChic and John Paul (previously part of HotelServices);
- **Hotel assets**, which include HotelInvest assets not transferred to AccorInvest, mainly corresponding to Orbis, hotels in Brazil operated under variable lease agreements based on a percentage of EBITDAR (also known as management leases) and certain assets intended to be restructured before the Booster transaction closes;
- **Holding and Intercos**, which includes inter-company eliminations between each segment and the cost of central functions.

HotelServices is now organized into six operating regions:

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

In € millions	**H1 2016**	**H1 2017**	**Change (as reported)**	**Change (LFL)[1]**
Revenue	691	922	33.5%	8.3%
EBITDAR[2]	**236**	**356**	**51.1%**	**22.4%**
EBITDAR margin	*34.1%*	*38.6%*	*+4.5 pts*	*+3.6 pts*
EBITDA	**187**	**303**	**62.1%**	**27.4%**
EBITDA margin	*27.1%*	*32.9%*	*+5.8 pts*	*+3.9 pts*
EBIT	**134**	**226**	**68.0%**	**33.9%**
Operating profit before tax and non-recurring items	40	200	-	-
Net profit before profit/(loss) from discontinued operations	**39**	**181**	**-**	**-**
Profit/(loss) from discontinued operations	46	(86)	-	-
Net profit, Group share	**74**	**77**	**-**	**-**

(1) Like-for-like: at constant scope of consolidation and exchange rates
(2) Earnings before interest, taxes, depreciation, amortization and rental expense

2.1. CONSOLIDATED REVENUE

Consolidated first-half 2017 **revenue** amounted to €922 million, up 8.3% year-on-year at constant scope of consolidation and exchange rates (up 33.5% as reported).

In €millions	**H1 2016**	**H1 2017**	**Change (as reported)**	**Change (LFL)**
HotelServices	645	839	30.1%	6.0%
New businesses	13	43	N/A	16.4%
Hotel assets	280	297	6.1%	4.6%
Holding & Intercos	(248)	(258)	N/A	N/A
Total	**691**	**922**	**33.5%**	**8.3%**

Reported revenue for the period reflected the following factors:

- Changes in the scope of consolidation (acquisitions and disposals) had a positive impact of €165.9 million (+24.1%), thanks to the contributions of Raffles, Fairmont, Swissôtel, Availpro, onefinestay, Travel Keys, VeryChic and John Paul;
- Currency effects had a positive impact of €7.8 million, attributable primarily to the positive effect of the Brazilian real (€12.3 million) and the Australian dollar (€6.0 million), partially offset by the negative impact of the Egyptian pound (€13.7 million).

2.2. EBITDAR

Consolidated EBITDAR, which is revenue less operating expenses (before interest, taxes, depreciation, amortization and rental expense), amounted to €356 million in first-half 2017, up 22.4% like-for-like on the year-earlier period and 51.1% as reported.

The **EBITDAR margin** also improved by 3.6 points on a like-for-like basis compared with first-half 2016.

2.3. EBITDA

Consolidated EBITDA amounted to €303 million in first-half 2017, up 27.4% like-for-like on the year-earlier period and 62.1% as reported.

The **EBITDA margin** was 32.9%, up 3.9 points on a like-for-like basis.

2.4. EBIT

First-half 2017 **consolidated EBIT** rose by 68.0% as reported, and by 33.9% like-for-like, to €226 million, from €134 million in the first half of 2016.

In €millions	**H1 2016**	**H1 2017**
EBITDAR	236	356
Rental expense	(49)	(53)
Depreciation, amortization and provision expense	(52)	(77)
EBIT	**134**	**226**

Rental expense amounted to €53 million in first-half 2017, compared with €49 million in first-half 2016.

Depreciation, amortization and provision expense stood at €77 million for the period.

2.5. OPERATING PROFIT BEFORE TAX AND NON-RECURRING ITEMS

Operating profit before tax and non-recurring items – corresponding to EBIT less net financial expense plus share of profit of associates – represents the result of operations after the cost of financing Group businesses and before tax.

It was €200 million in the first half of 2017, versus €40 million in the year-earlier period.

In €millions	**H1 2016**	**H1 2017**
EBIT	134	226
Net financial expense	(93)	(40)
Share of profit of associates and joint ventures after tax	(1)	13
Operating profit before tax and non-recurring items	**40**	**200**

Net financial expense amounted to €40 million, versus €93 million in first-half 2016. The favorable change over the period is chiefly attributable to:

- A €51 million negative fair value adjustment to an interest rate hedge set up on behalf of lessors in order to secure lease financing for a real estate acquisition.
- The purpose of the finance lease, which has a deferred start date of end-2018, is to secure financing conditions for a call option relating to a real estate investment (the Group's corporate headquarters). While fair value adjustments on the instrument will impact Accor's income statement until the transaction has been finalized, a withdrawal from the transaction would result in a payment being made by Accor. The positive impact on the income statement is attributable to the rise in interest rates over the period.
- The ineffective portion of hedges in the negative amount of €12 million in the first half of 2016 as part of the acquisition of FRHI Hotels & Resorts Group.
- €3 million in net exchange losses.

The **share of profit of equity-accounted companies** was €13 million in the first half of 2017, compared with a negative €1 million in first-half 2016.

2.6. NET PROFIT, GROUP SHARE

(In millions of euros)	H1 2016	H1 2017
Operating profit before tax and non-recurring items	**40**	**200**
Restructuring costs	(12)	(8)
Impairment losses	(13)	0
Gains and losses on management of hotel properties	89	(6)
Other non-recurring items	(45)	(44)
Operating profit before tax	**59**	**141**
Taxes	(20)	39
Profit or loss from discontinued operations	46	(86)
Net profit	**84**	**95**
Net profit, Group share	**74**	**77**
Earnings per share (in euros)	**0.16**	**0.14**
Net profit attributable to non-controlling interests	10	18

Restructuring expenses totaled €8 million in first-half 2017, compared with €12 million in first-half 2016.

Other non-recurring income and expenses mainly include bank, legal, and governance and management consulting fees in the amount of €28 million paid as part of the prospective spin-off and sale of AccorInvest.

A **tax benefit** of €39 million was also recorded in the six months to June 30, 2017 following tax relief of €36.5 million on income tax granted on settlement and in relation to default interest resulting from the European tax on dividends between 2009 and 2013. The Group's effective tax rate (tax expense at the standard rate as a proportion of operating profit before tax, share of profit of equity-accounted companies and non-recurring items) was 31.0%.

After deducting **non-controlling interests** in the amount of €18 million and taking into account the **net profit** of €95 million, **net profit, Group share** amounted to €77 million, compared with €74 million in first-half 2016.

Based on the weighted average number of shares outstanding during the period (285,593,425), **earnings per share** amounted to €0.14 in first-half 2017, versus €0.16 in the year-earlier period.

2.7. FINANCIAL FLOWS

In € millions	H1 2016	H1 2017
Funds from operations before non-recurring items	**118**	**253**
Recurring expenditure	(84)	(71)
Recurring free cash flow	**34**	**182**
Acquisitions	(355)	(243)
Proceeds from disposals of assets	91	10
Dividends	(176)	(162)
Change in operating working capital	9	(64)
Hybrid financial instruments (net of issuance expenses)	(37)	(37)
Other	(116)	(112)
Cash flow from discontinued operations	(155)	(247)
(Increase)/decrease in net debt	**(705)**	**(673)**
Net debt		**2,354**

In the six months to June 30, 2017, **funds from operations before non-recurring items** amounted to €253 million, versus €118 million in first-half 2016, due to the good levels of business recorded in virtually all of the Group's markets.

Recurring expenditure was down slightly at €71 million, compared with €84 million in first-half 2016. **Recurring development expenditure** was €28 million in first-half 2017, versus €57 million in the prior-year period. **Recurring maintenance expenditure**, primarily relating to Orbis, was €43 million, versus €27 million in first-half 2016.

As a result, the Group's **recurring cash flow** amounted to €182 million in the six months to June 30, 2017, compared with €34 million in first-half 2016.

Acquisitions carried out during the first half of 2017 amounted to €243 million. They related primarily to the acquisition of a number of hotels included in the scope of Orbis for €111 million, the acquisitions of Availpro, Travel Keys, VeryChic, Noctis and Potel & Chabot for €98 million, and an equity investment in Rixos Hotels for €33 million.

Proceeds from disposals of assets totaled €10 million, compared with €91 million in first-half 2016.

2.8. FINANCIAL RATIOS

Cash flow from discontinued operations came to a negative €247 million in first-half 2017, due to the acquisition of the Adia portfolio in Australia, versus a negative €155 million in first-half 2016, which related to the Grape Hospitality transaction.

Up by €673 million since the beginning of the year, chiefly due to acquisitions during the period, dividend payments and the impact of financing the AccorInvest transactions, **net debt** totaled €2,354 million at June 30, 2017. The Group's **cost of debt** eased once again to 2.47% at the end of June 2017 thanks to a seven-year €600 million bond at 1.25% issued by AccorHotels in January 2017

As of June 30, 2017, AccorHotels also had an **unused confirmed long-term line of credit** in an amount of €1,800 million, maturing in June 2019.

3. Analysis of results by strategic business

At June 30, 2017, HotelServices had **4,195 hotels and 597,132 rooms operated under franchise agreements and management contracts**, as well as a development pipeline of close to 167,000 rooms (910 hotels).

In € millions	HotelServices	New businesses	Hotel assets	Holding & Intercos	AccorHotels
Revenue	839	43	297	(258)	922
EBITDA	**310**	**(14)**	**40**	(33)	**303**
EBITDA margin	*36.9%*	*(31.5)%*	*13.4%*	*N/A*	*32.9%*
EBIT	**270**	**(17)**	**17**	(44)	**226**
EBIT margin	*32.2%*	*(39.4)%*	*5.6%*	*N/A*	*24.5%*
H1 2016 EBIT	**177**	**(10)**	**11**	(44)	**134**
H1 2016 EBIT margin	*27.5%*	*(77.5)%*	*3.9%*	*N/A*	*19.5%*

In the six months to June 30, 2017, the **consolidated EBIT margin** was 24.5%, versus 19.5% in the year-earlier period, an increase of 5 points, of which 4 points were attributable to the good levels of business recorded in the majority of the Group's markets, and 1 point related to the scope of consolidation.

This strong increase reflects the fact that the HotelServices margin was temporarily enhanced in the first half of 2017, which contains the lion's share of the reduction anticipated over the full year in operating expenses incurred for the digital plan.

Adjusted for this effect, the **consolidated EBIT margin** was up 2.5 points.

3.1. HOTELSERVICES

HotelServices is the Group's hotel operator and franchisor, focused on providing services and generating revenue in the form of fees. Its model spans the Group's entire portfolio, as the hotels owned by HotelInvest are operated by HotelServices under management contracts.

- **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 invoicing of additional services, where applicable.
- **Management contracts**: Hotels under management contracts are similar to franchised hotels in that AccorHotels only records the fees paid by the owner and not the hotel's revenue. However, these hotels are managed by AccorHotels. The royalties received include the trademark and sales and marketing fees paid by franchisees, as well as a management fee corresponding to a percentage of EBITDAR and, in some cases, a performance-based incentive fee paid by the owner.

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.

3.1.1. REVENUE

HotelServices, which operated 4,195 hotels (597,132 rooms) under franchise agreements and management contracts at the end of June 2017, reported a 6.0% increase in like-for-like revenue to €839 million. This increase reflected strong activity in Asia-Pacific (+9.3%), Europe (+8.1%), Middle East & Africa (+4.7%) and France & Switzerland (+3.7%), and declines in North America, Central America & the Caribbean (-2.9%) and in South America (-5.1%)

In € millions	H1 2016	H1 2017	Change (LFL)
France & Switzerland	181	194	3.7%
Europe	181	200	8.1%
Middle East & Africa (MEA)	42	61	4.7%
Asia-Pacific	180	225	9.3%
North America, Central America & the Caribbean	17	77	-2.9%
South America	30	34	-5.1%
Worldwide structures	13	49	2.8%
Total	**645**	**839**	**6.0%**

In **France & Switzerland**, revenue was up 3.7% on a like-for-like basis. Up 2.0%, RevPAR was buoyed by an occupancy rate up 2.7 points thanks to the return of foreign tourists to Paris, especially on leisure stays. As a result, Paris posted the strongest increase in RevPAR (+4.3%), driven notably by very positive trends in the luxury/upscale segment (+7.2%).

Europe posted like-for-like revenue growth of 8.1% thanks to RevPAR growth of 5.9%.

- Business was once again extremely strong in the United Kingdom (+7.1%), a market that remains attractive to British and foreign tourists, especially London.
- RevPAR increased by 1.1% in Germany on a weak trade fair calendar in the first and second quarters. In Eastern Europe, it grew by 7.8%, reflecting sustained development in that region.
- The Iberian Peninsula continued its recovery, recording strong business levels once again, with RevPAR growth of 14.9%.

The **Asia-Pacific** region also performed very well, posting 9.3% growth driven by the luxury segment (RevPAR up 6.5%) and persistently dynamic development.

The **Middle East & Africa** region recorded a 4.7% increase in revenue, driven by a 3-point rise in the occupancy rate and a 4.5% increase in RevPAR. The Middle East posted a record level of revenue during the first half (+6.6%), thanks notably to the Sofitel Gezirah, where RevPAR doubled during the period. Africa's performance (-0.7%), on the other hand, was impacted by challenging security conditions, particularly in Côte d'Ivoire and Angola.

North America, Central America & the Caribbean experienced a slowdown due to a significant decline in arrivals of foreign tourists in major cities in the United States. The 2.9% like-for-like decline in revenue does not include Fairmont; it only takes into account the hotels included in the scope of consolidation in first-half 2016, which are more exposed to markets such as New York and Miami. Fairmont, which benefits from the good balance of its portfolio between the United States and Canadian markets, and strong presence in American cities with less exposure to international customers, recorded RevPAR growth of 7% in the United States and 15% in Canada.

Lastly, the situation remains difficult in **South America**, and more precisely in Brazil (-9.7%). Regional revenue was down 5.1%, with Rio facing a particularly challenging situation (occupancy rate down 13 points), reflecting the overcapacity generated by the Olympic Games and a depressed socioeconomic environment.

HotelServices' development continues at a rapid pace. AccorHotels opened 115 new hotels in the first half, representing more than 23,000 rooms; it is forecasting organic growth of 40,000 rooms in 2017. At the end of June 2017, the Group's pipeline comprised 910 hotels and 167,000 rooms, of which 81% in emerging markets and 45% in the Asia-Pacific region.

The **Group's RevPAR** was up 3.8% overall.

	Occupation rate		Average room rate		RevPAR	
		chg pts LFL	€	chg % LFL	€	chg % LFL
Luxury & Upscale	66.4	+5.6	200	-3.1	133	+5.6
Midscale	64.8	+4.3	106	-4.3	69	+2.5
Economy	65.7	+1.7	61	-1.7	40	+0.9
France & Switzerland	**65.4**	**+2.7**	**82**	**-2.1**	**54**	**+2.0**
Luxury & Upscale	67.6	+3.0	150	+3.4	101	+7.9
Midscale	69.9	+1.8	84	+2.3	58	+5.1
Economy	73.1	+2.1	61	+3.0	45	+6.1
Europe	**71.1**	**+2.1**	**80**	**+2.9**	**57**	**+5.9**
Luxury & Upscale	61.8	+2.8	188	+1.3	116	+6.1
Midscale	61.7	+4.7	83	-2.9	51	+5.1
Economy	61.4	+2.4	66	-3.9	40	-0.2
Middle East & Africa	**61.3**	**+3.3**	**127**	**-1.1**	**78**	**+4.5**
Luxury & Upscale	65.9	+3.4	113	+1.0	74	+6.5
Midscale	69.9	+2.2	82	+1.6	58	+4.8
Economy	67.3	+1.1	48	+1.6	32	+3.3
Asia-Pacific	**67.9**	**+2.3**	**85**	**+2.0**	**57**	**+5.6**
Luxury & Upscale	71.8	-0.7	243	-3.3	175	-4.3
Midscale	76.2	-0.6	127	+9.9	97	+8.8
Economy	69.9	-0.3	38	+16.0	27	+15.5
North America, Central America & the Caribbean	**72.0**	**-0.4**	**213**	**+3.4**	**153**	**+2.8**
Luxury & Upscale	49.4	-4.4	153	-3.9	75	-12.0
Midscale	52.4	-0.0	75	-6.7	39	-6.8
Economy	51.8	-3.3	50	+0.1	26	-5.7
South America	**51.7**	**-2.4**	**65**	**-3.1**	**34**	**-7.2**
Luxury & Upscale	**66.0**	**+3.1**	**159**	**+0.4**	**105**	**+5.3**
Midscale	**67.1**	**+2.5**	**89**	**-0.1**	**60**	**+3.8**
Economy	**66.4**	**+1.2**	**58**	**+0.6**	**38**	**+2.5**
Total	**66.6**	**+2.0**	**90**	**+0.7**	**60**	**+3.8**

3.1.2. EBIT

HotelServices' EBIT was up 52.4% on a reported basis and 21.4% on a like-for-like basis at €270 million in first-half 2017, compared with €177 million in first-half 2016, driven by Raffles, Fairmont and Swissôtel in the amount of €54 million, thanks to stronger business and to synergies.

In €millions	**H1 2016**	**H1 2017**
Business volume	6,381	8,683
Revenue	645	839
EBITDA	**199**	**310**
EBITDA margin	*30.8%*	*36.9%*
EBIT	**177**	**270**
EBIT margin	*27.5%*	*32.2%*

Up 4.7 points at 32.2%, **HotelServices' EBIT margin** also expanded significantly from 27.5% in first-half 2016. The increase can be attributed to improved business, the ramp-up in synergies generated by the FRHI acquisition, and the timing of digital expenditure.

3.1.2.1. Strong growth in HotelServices' EBIT by region

In €millions	H1 2016	**H1 2017**	**Change (LFL)**
France & Switzerland	62	69	9.4%
Europe	58	65	6.6%
Middle East & Africa (MEA)	10	18	-16.5%
Asia-Pacific	32	59	36.8%
North America, Central America & the Caribbean	0	37	N/A
South America	6	7	-8.1%
Operations	**167**	**255**	**13.1%**
Worldwide structures	10	16	N/A
Total	**177**	**270**	**21.4%**

In line with the good levels of business recorded in the first half of 2017, **HotelServices** posted strong EBIT growth in **France & Switzerland** (+9.4%), as well as in **Asia-Pacific** (+36.8%), driven by development (32 hotels opened in first-half 2017), and in Europe (+6.6%), particularly in the United Kingdom and Poland.

These robust performances offset those in the **Middle East & Africa** and **South America** regions, where EBIT declined by 16.5% and 8.1% respectively. The **Middle East & Africa** region was impacted by the underperformance of certain high-contribution hotels located in the Gulf region.

3.1.2.2. P&L performance

EBITDA and EBIT margins are improving strongly overall, thanks to strong business trends, but also due to business and synergies generated by Raffles, Fairmont and Swissôtel, and by the reduction in digital expenses (anticipated in 2017 in line with the plan), focused primarily on the first half of 2017.

As a result, **HotelServices' EBIT** increased by €93 million year on year. It should be noted that €54 million of this was derived directly from the additional business and synergies generated by Raffles, Fairmont and Swissôtel, and that the decrease in digital spending in the first half alone accounted for 2 points of the EBIT margin.

In €millions	Managed & Franchised	Sales, Marketing & Digital	Other businesses	Hotel Services
Revenue	**443**	**300**	**97**	**839**
EBITDA	**272**	**13**	**25**	**310**
EBITDA margin	*61%*	*5%*	*26%*	*37%*
EBIT	**251**	**2**	**18**	**270**
EBIT margin	*57%*	*1%*	*18%*	*32%*
H1 2016 EBIT	**185**	**(33)**	**26**	**177**
H1 2016 EBIT margin	*57%*	*(14)%*	*28%*	*27%*

At the operating level, **EBITDA and EBIT margins on managed and franchised hotels** were stable at 61% and 57% respectively.

The **Sales, Marketing & Digital Fund,** which saw digital expenditure decline in line with the plan, is close to balance, and now displays a positive margin. 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 therefore required to spend all the funds it receives each year, and must therefore be in balance. With the final phase of the plan having begun in 2017, digital spending – which is set to slow through to 2019, halving to a total of €21 million in 2017 – fell by a substantial €17 million in the first half, thereby limiting the reduction in the second half to €4 million.

Other activities, which include Strata and timeshare operations in Australia, purchases and Raffles, Fairmont and Swissôtel technical services, saw their margins contract due to the consolidation of FRHI.

3.2. NEW BUSINESSES

This division includes 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 will round out the suite of products and services offered to hotel operators and create the European leader in digital services for independent hotels.
- **Luxury home rentals**, which includes onefinestay and whose offer will be complemented by the acquisition of Travel Keys, bringing in a total of more than 10,000 addresses worldwide.
- **Digital sales**, with the acquisition of VeryChic, offering a range of exclusive private sales with partners in the luxury and upscale segments.
- **Concierge services**, corresponding to the integration within the Group of John Paul.

3.2.1. REVENUE

In the six months to end-June 2017, **new businesses** (concierge services, luxury home rentals and digital services for independent hotels) recorded revenue growth of 16.4% on a like-for-like basis to €43 million, up from €13 million at end-June 2016.

In €millions	**H1 2016**	**H1 2017**
Revenue	13	43
EBITDA	**(10)**	**(14)**
EBITDA margin	*(74.8)%*	*(31.5)%*
EBIT	**(10)**	**(17)**
EBIT margin	*(77.5)%*	*(39.4)%*

- The **revenue of the luxury home rentals business** is already benefiting from 13 new openings by onefinestay in the first half, out of the 16 expected in 2017. In first-half 2017, onefinestay generated revenue of €7 million.
- **Fastbooking's revenue** increased by 19% on a like-for-like basis thanks to continued growth in demand for digital services. The combination of **Availpro** and Fastbooking will significantly enrich and increase the activity of this B2B division in the coming years.
- In first-half 2017, **John Paul** generated stable **revenue** of €18 million. Now in charge of the AccorHotels Group's Customer Care and overseeing the AccorLocal project, which is currently being tested in 80 hotels in Paris and regional cities, the activity in this division is also poised to increase significantly in the coming months.

3.2.2. EBIT

The performances of the **new businesses** are in line with the plan, with negative margins that will gradually improve and become positive thanks to scale effects and the implementation of synergies. In first-half 2017, the **new businesses** posted **negative EBIT** of €17 million and a negative **EBIT margin** of 39.4%, versus a negative 77.5% in first-half 2016.

Acquisitions in the first half of 2017 are all profitable and should contribute quickly to the division's growth in the second half.

3.3. 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 in Eastern Europe with a number of other hotels, primarily in Brazil, operated under variable rent leases based on a percentage of EBITDAR (scope of hotel assets not contributed to AccorInvest).

Its business model aims to improve the return on assets and optimize the impact on the statement of financial position. It combines asset portfolio management and hotel design, construction, renovation and maintenance activities.

At June 30, 2017, the division operated 157 hotels, representing 31,000 rooms.

3.3.1. REVENUE

Revenue derived from the hotel assets held by the Group, mainly in Central Europe and under variable leases in Brazil, grew by 4.6%, driven by **RevPAR** growth of 7.3% on a like-for-like basis.

In €millions	**H1 2016**	**H1 2017**
Revenue	280	297
EBITDA	**32**	**40**
EBITDA margin	*11.4%*	*13.4%*
EBIT	**11**	**17**
EBIT margin	*3.9%*	*5.6%*

This sound overall performance nevertheless masks a contrasting situation between Central Europe (where Orbis, AccorHotels' listed Polish subsidiary holding leased and owned hotels, delivered a very strong performance thanks to the very brisk growth in that region) and Brazil (where business is affected by the country's depressed socioeconomic environment).

3.3.2. EBIT

In line with the good levels of business in Central Europe, **hotel assets' EBIT** totaled €17 million in first-half 2017, versus €11 million in first-half 2016. The **EBIT margin** rose by 1.7 points to 5.6% in the first half.

4. Full-year 2017 EBIT target

In light of the following factors:

- sound business in virtually all markets,
- sustained development, with 23,000 rooms opened in the first half, and organic growth of more than 40,000 rooms expected over the full year,
- the ongoing integration of recent acquisitions, and particularly the strong synergies achieved in the luxury segment, and
- the sharp ramp-up of new initiatives,

the Group is forecasting 2017 **EBIT of between €460 million and €480 million**.

5. Hotel portfolio and pipeline at June 30, 2017

In line with its strategy, AccorHotels continues its development at a strong pace.

In first-half 2017, the Group added 115 hotels (22,664 rooms) to its portfolio. At the same time, 69 hotels (8,658 rooms) were closed during the period.

5.1. Hotel portfolio by segment and operating structure

At June 30, 2017	Managed		Franchised		Hotel assets (owned/leased)		Total	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
Luxury & Upscale	360	102,973	111	19,968	56	13,968	527	136,909
Midscale	394	75,572	582	65,898	322	56,428	1,298	197,898
Economy	22	2,935	11	1,310	2	106	2,335	257,974
Unbranded	336	56,122	1,245	105,478	754	96,374	35	4,351
Total	1,112	237,602	1,949	192,654	1,134	166,876	4,195	597,132
Total as a %	26.5%	39.8%	46.5%	32.3%	27.0%	27.9%	100.0%	100.0%

5.2. Hotel portfolio by region and operating structure

At June 30, 2017	Managed		Franchised		Hotel assets (owned/leased)		Total	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
France & Switzerland	136	17,455	1,118	84,657	439	52,677	1,693	154,789
Europe	123	21,064	496	60,970	540	84,443	1,159	166,477
Middle East & Africa	158	38,995	20	3,588	17	3,115	195	45,698
Asia-Pacific	528	120,250	219	30,567	30	6,368	777	157,185
North America, Central America & the Caribbean	62	23,146	10	2,304	11	2,038	83	27,488
South America	105	16,692	86	10,568	97	18,235	288	45,495
Total	1,112	237,602	1,949	192,654	1,134	166,876	4,195	597,132
Total as a %	26.5%	39.8%	46.5%	32.3%	27.0%	27.9%	100.0%	100.0%

5.3. Hotel portfolio by region and segment

At June 30, 2017	France	Europe	Middle East & Africa	Asia-Pacific	North America, Central America & the Caribbean	South America	Total
Luxury & Upscale	8,969	21,768	22,088	57,544	21,998	4,542	136,909
Midscale	46,911	70,666	11,884	52,888	2,937	12,612	197,898
Economy	98,693	73,951	10,615	44,199	2,230	28,286	257,974
Unbranded	216	92	1,111	2,554	323	55	4,351
Total	154,789	166,477	45,698	157,185	27,488	45,495	597,132
Total as a %	25.9%	27.9%	7.7%	26.3%	4.6%	7.6%	100.0%

5.4. Hotel pipeline

At June 30, 2017, the Group's pipeline totaled 910 hotels, representing 167,000 rooms.
Based on the projects underway to date, the number of new rooms scheduled to be completed in the next four years is as follows:

At June 30, 2017	Managed		Franchised		Hotel assets (owned/leased)		Total	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
Total	534	117,469	317	39,087	59	10,522	910	167,078

6. First-half 2017 highlights

On January 16, 2017, AccorHotels provided an update on the Booster project, disclosing a gross asset value of €6.6 billion for HotelInvest owned and leased properties excluding Orbis at December 31, 2016. This valuation, which was conducted by third party experts (Jones Lang LaSalle, Cushman & Wakefield and BNP Paribas Real Estate) is in excess of the €6.5 billion expected year-end value disclosed on October 5, 2016.

On January 18, 2017, AccorHotels successfully issued €600 million in seven-year bonds with a coupon of 1.25%. It took advantage of favorable conditions in the credit market to optimize its financing costs and extend the average maturity of its debt.

On January 31, 2017, Colony Capital declared that it had sold its entire stake in AccorHotels, i.e., 10,395,214 shares, and therefore no longer holds any voting rights. The concert group between Colony Capital and Eurazeo accordingly ended on that date. Following this transaction, Eurazeo retains a stake of 4.28% in Accor, representing 7.71% of the voting rights.

On February 5, 2017, AccorHotels announced that it had begun exclusive negotiations for the acquisition of 100% of Travel Keys, one of the world's leading luxury private home rental players. AccorHotels thereby consolidated its leadership in the luxury private rental market. The combination of Travel Keys with onefinestay and Squarebreak will provide AccorHotels with a unique, carefully selected offering of about 8,500 addresses in the luxury private rental market, in both vacation and urban settings. The transaction is expected to close in the second quarter of 2017.

On February 21, 2017, AccorHotels announced the appointment of Nicolas Sarkozy as an independent director to replace Nadra Moussalem. Nicolas Sarkozy will chair the future International Strategy Committee focusing on the development of AccorHotels' network and brand portfolio throughout the world.

On February 27, 2017, AccorHotels announced the appointment of Maud Bailly as Chief Digital Officer. Head of Digital, Distribution, Sales, and Information Systems and member of the Executive Committee, her appointment will be effective as of April 3, 2017.

On March 2, 2017, AccorHotels announced that it had consolidated its leadership in Brazil, with the integration of 26 new hotels (representing some 4,400 rooms) in the economy, midscale and upscale segments, located in the country's main hotel markets. This 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 the current AccorHotels network in Brazil. Its acquisition extends the Group's leadership in all segments of the Brazilian market. Acquired at a cost of BRL 200 million (€60 million), 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 transaction has enabled the Group to acquire iconic hotels that will significantly raise the profile of its brands in all segments of the local market.

On March 6, 2017, AccorHotels announced the signature of a strategic partnership with Rixos Hotels, strengthening the Group's presence in the luxury segment and enabling it to become one of the leading resort operators in a fast-growing market. Rixos Hotels is one of the world's fastest-growing resort operators in the EMEA region, with a strong presence in Turkey, the United Arab Emirates, Egypt, Russia and Europe. AccorHotels and Rixos Hotels will jointly develop and manage Rixos-brand resorts and hotels throughout the world. AccorHotels will add to its network 15 iconic hotels boasting excellent performances that are ideally positioned in luxury resort markets. Five city-center hotels will be converted to AccorHotels brands and will also be managed by the Group. Rixos will shortly add to this portfolio a second hotel in Dubai, then two more before the end of 2018, located respectively in Abu Dhabi and the Maldives, illustrating the Rixos brand's expansion in this core resort market. On completion of the transaction, the Group will own a 50% stake in the new structure.

On March 8, 2017, AccorHotels announced plans to revive the hotelF1 brand in France by selling a portfolio of 62 hotelF1 units and restructuring 102 units. The plan to sell 62 units – of which 7 owned outright and 55 leased from Silverstone – to SNI, part of the Caisse des Dépôts et Consignations Group, has been submitted to employee representatives for comment. At the same time, HotelInvest plans to become the majority shareholder of the vehicle that holds the remaining 102 hotelF1 assets. To this end, HotelInvest will underwrite a €51 million share issue, with the funds used to finance a three-year hotel refurbishment plan and an ambitious brand revival plan.

On March 21, 2017, AccorHotels announced the appointment of Sheikh Nawaf Bin Jassim Bin Jabor Al-Thani as a director, replacing Ali Bouzarif.

On March 27, 2017, AccorHotels, Edmond de Rothschild Investment Partners and the management of Potel & Chabot announced that they had begun exclusive negotiations with the shareholders of Potel & Chabot Group. AccorHotels holds 40% of the group, whose iconic brand enjoys an unrivaled position in France and boasts considerable potential for international growth.

On March 31, 2017, AccorHotels announced the acquisition of VeryChic, a digital platform for the private sale of luxury hotel rooms and apartments, cruises, breaks and packages.

On April 5, 2017, AccorHotels announced the acquisition Availpro, a leading European software provider, creating the leading European provider of digital services for independent hotels in combination with Fastbooking.

On May 15, 2017, AccorHotels and FCDE (*Fonds de Consolidation et de Développement des Entreprises*) announced that they were in exclusive talks for the sale of 100% of FCDE's minority interest in Groupe Noctis, representing 31% of its share capital.

On June 30, 2017, the Extraordinary General Meeting approved with a 99.67% majority the contribution of assets held by Accor SA to AccorInvest SAS.

7. Main risks and uncertainties

The main risks and uncertainties that may affect the Group in the last six months of the year are presented in the 2016 Registration Document under "Risk Factors".

8. Main related-party transactions

The main related-party transactions are presented in detail in Note 18 to the interim consolidated financial statements.

9. Subsequent events

On July 25, 2017, AccorHotels announced the acquisition of 50% of Nextdoor in partnership with Bouygues Immobilier in the field of corporate real estate. Nextdoor was created by Bouygues Immobilier in December 2014 to fulfill the evolving requirements of businesses, including increased flexibility and digitization, better quality of working life, and addressing professional mobility and the pursuit of new collaborations. The partnership aims to accelerate the growth of Nextdoor in France and Europe.

On July 26, 2017, AccorHotels announced the acquisition of 100% of Squarebreak, the leading French company in villa rentals, in which it held a 49% stake since February 2016. The transaction will take effect in the coming weeks.

On July 26, 2017, AccorHotels announced the merger of Travel Keys, Squarebreak and onefinestay, bringing the three brands under the onefinestay name by the end of 2017. The integration of the three innovative hotel platforms will allow onefinestay customers to access more than 10,000 of the world's finest residences while benefiting from professional hotel and concierge services.

2017 Interim Consolidated Financial Statements

Summary

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

Consolidated Income Statement

In millions of euros	Notes	1st semester 2016 (*)	1st semester 2017
CONSOLIDATED REVENUE	4	**691**	**922**
Operating expense	5	(455)	(566)
EBITDAR		**236**	**356**
Rental expense	5	(49)	(53)
EBITDA	4	**187**	**303**
Depreciation, amortization and provision expense		(52)	(77)
EBIT	4	**134**	**226**
Net financial expense	6	(93)	(40)
Share of net profit of associates and joint ventures		(1)	13
OPERATING PROFIT BEFORE TAX & NON RECURRING ITEMS (INCL. FINANCIAL RESULT)		**40**	**200**
Non-recurring income and expense	7	19	(58)
OPERATING PROFIT BEFORE TAX (INCLUDING FINANCIAL RESULT)		**59**	**141**
Income tax expense	8	(20)	39
PROFIT FROM CONTINUING OPERATIONS		**39**	**181**
Net profit or Loss from discontinued operations		46	(86)
NET PROFIT OR LOSS		**84**	**95**
Net Profit, Group Share from continuing operations		30	165
Net Profit or Loss, Group Share from discontinued operations		44	(88)
Net Profit or Loss, Group Share		**74**	**77**
Net Profit, Minority interests from continuing operations		9	15
Net Profit or Loss, Minority interests from discontinued operations		1	3
Net Profit, Minority interests		**10**	**18**

Weighted average number of shares outstanding (in thousands)	12	235,931	285,593
EARNINGS PER SHARE (in €)		**0.16**	**0.14**
Diluted earnings per share (in €)	12	0.16	0.14

Earnings per share from continuing operations (in €)		**(0.03)**	**0.45**
Diluted earnings per share from continuing operations (in €)		**(0.03)**	**0.45**

Earnings per share from discontinued operations (in €)		**0.19**	**(0.31)**
Diluted earnings per share from discontinued operations (in €)		**0.19**	**(0.31)**

(*) In application of IFRS 5, the half-year 2016 financial statements were restated in relation to the data published for the previous year. The impacts of these restatements are detailed in the Note 20.

Consolidated statement of comprehensive income

In millions of euros	Notes	1st semester 2016 (*)	1st semester 2017
NET PROFIT OR LOSS		**84**	**95**
Currency translation adjustments		(55)	(267)
Effective portion of gains and losses on cash flow hedges		(12)	(0)
Changes in the fair value of available-for-sale financial assets		(12)	5
Other comprehensive income arising from discontinued operations	3	(16)	(5)
Items that may be reclassified subsequently to profit or loss		***(95)***	***(267)***
Actuarial gains and losses on defined benefit plans		2	(0)
Other comprehensive income arising from discontinued operations	3	(11)	-
Items that will not be reclassified to profit or loss		***(9)***	***(0)***
Other comprehensive income, net of tax	8	**(104)**	**(268)**
TOTAL COMPREHENSIVE INCOME		**(19)**	**(173)**
Profit or loss, Group share		**(18)**	**(192)**
Profit or loss, Minority interests		**(1)**	**20**

(*) In application of IFRS 5, the half-year 2016 financial statements were restated in relation to the data published for the previous year. The impacts of these restatements are detailed in the Note 20.

➤ Consolidated statement of financial position

Assets

Assets In millions of euros	Notes	December 31, 2016	June 30, 2017
GOODWILL	9	**1,496**	**1,549**
INTANGIBLE ASSETS	10	**2,401**	**2,294**
PROPERTY, PLANT AND EQUIPMENT	10	**562**	**658**
Long-term loans		77	56
Investments in associates and Joint-ventures	11	596	728
Other financial investments		171	100
TOTAL NON-CURRENT FINANCIAL ASSETS		**844**	**884**
Deferred tax assets		233	204
Other non-current assets		9	9
TOTAL NON-CURRENT ASSETS		**5,545**	**5,598**
Inventories	15	8	10
Trade receivables	15	374	408
Other receivables and accruals	15	252	296
Receivables on disposals of assets	13	24	11
Short-term loans	13	19	17
Cash and cash equivalents	13	1,184	754
TOTAL CURRENT ASSETS		**1,861**	**1,496**
Assets classified as held for sale	3	4,457	4,732

TOTAL ASSETS		**11,864**	**11,827**

Equity and Liabilities

EQUITY AND LIABILITIES In millions of euros	Notes	December 31, 2016	June 30, 2017
Share capital		854	868
Additional paid-in capital and reserves		3,651	3,442
Net profit or loss, Group share		265	77
Ordinary Shareholders' Equity, Group Share		**4,771**	**4,387**
Hybrid capital		887	887
SHAREHOLDERS' EQUITY, GROUP SHARE		**5,658**	**5,274**
Minority interests		267	244
TOTAL SHAREHOLDERS' EQUITY AND MINORITY INTERESTS	12	**5,925**	**5,517**
Other long-term financial debt	13	2,175	2,776
Deferred tax liabilities		599	549
Non-current provisions	14	133	126
TOTAL NON-CURRENT LIABILITIES		**2,907**	**3,452**
Trade payables	15	384	377
Other payables and income tax payable	15	587	644
Current provisions	14	151	122
Short-term debt and finance lease liabilities	13	681	317
Bank overdrafts and liability derivatives	13	51	43
TOTAL CURRENT LIABILITIES		**1,855**	**1,504**
Liabilities associated with assets classified as held for sale	3	1,177	1,354
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**11,864**	**11,827**

Consolidated Cash Flow Statement

In millions of euros	Notes	1st semester 2016 (*)	1st semester 2017
+ EBITDA	4	187	303
+ Cost of net debt	6	(35)	(45)
+ Income tax expense		(49)	(23)
- Non cash revenue and expense included in EBITDA		10	9
- Elimination of provision movements included in net financial expense and non-recurring taxes		4	4
+ Dividends received from equity investments		2	5
+ Impact of discontinued operations		202	198
= Funds from operations excluding non-recurring transactions		**320**	**452**
+ Decrease (increase) in operating working capital	15	9	(64)
+ Impact of discontinued operations	15	(97)	132
= Net cash from operating activities		**232**	**520**
+ Cash received (paid) on non-recurring transactions (incl. restructuring costs and non-recurring taxes)		(120)	(74)
+ Impact of discontinued operations		(20)	(28)
= Net cash from operating activities including non-recurring transactions (A)		**92**	**418**
- Renovation and maintenance expenditure	16	(40)	(43)
- Development expenditure	16	(399)	(271)
+ Proceeds from disposals of assets		91	10
+ Impact of discontinued operations		(247)	(563)
= Net cash used in investments / divestments (B)		**(595)**	**(867)**
+ Proceeds from issue of share capital		6	14
- Capital reduction		-	(13)
- Dividends paid		(176)	(162)
- Hybrid capital dividend payment		(37)	(37)
- Repayment of long-term debt		(8)	(1)
+ New long term debt		93	609
= Increase (decrease) in long-term debt		**85**	**608**
+ Increase (decrease) in short-term debt		(42)	(353)
+ Impact of discontinued operations		(31)	(2)
= Net cash from financing activities (C)		**(196)**	**55**
+ Effect of changes in exchange rates (D)		21	(39)
+ Effect of changes in exchange rates on discontinued operations (D)		(0)	30
= Net change in cash and cash equivalents (E) = (A) + (B) + (C) + (D)		**(680)**	**(403)**

- Cash and cash equivalents at beginning of period		2,944	1,133
- Effect of changes in fair value of cash and cash equivalents		(23)	-
- Net change in cash and cash equivalents for discontinued operations		1	(18)
+ Cash and cash equivalents at end of period		2,242	711
= Net change in cash and cash equivalents		**(680)**	**(403)**

(*) In application of IFRS 5, the half-year 2016 financial statements were restated in relation to the data published for the previous year. The impacts of these restatements are detailed in the Note 20.

Changes in Consolidated Shareholders' Equity

In millions of euros	Number of shares outstanding	Share capital	Additional paid-in capital	Currency translation reserve	Fair value adjustments on Financial Instruments reserve	Reserve for actuarial gains/losses	Reserve related to employee benefits	Retained earnings and profit for the period	Shareholders Equity	Minority interests	Consolidated shareholders' Equity
At January 1, 2016	235,352,425	706	1,254	(40)	4	(68)	185	1,720	3,762	225	3,987
Issue of share capital											
- Performance share granted	416,910	1	-	-	-	-	-	(1)	-	-	-
- On exercise of stock options	137,998	0	3	-	-	-	-	-	3	-	3
- Cancellation of treasury stock	-	0	1	-	-	-	-	-	2	-	2
Hybrid capital dividend payment	-	-	-	-	-	-	-	(37)	(37)	-	(37)
Dividends paid in cash	2,048,461	6	65	-	-	-	-	(235)	(164)	(13)	(177)
Changes in reserve related to employee benefits	-	-	-	-	-	-	7	-	7	-	7
Effects of scope changes	-	-	-	-	-	-	-	(1)	(1)	9	7
Other Comprehensive Income	-	-	(89)	(60)	(24)	(9)	-	89	(93)	(11)	(104)
Net Profit or Loss	-	-	-	-	-	-	-	74	74	10	84
Total Profit or Loss and other comprehensive income	-	-	(89)	(60)	(24)	(9)	-	164	(18)	(1)	(19)
At June 30, 2016	237,955,794	714	1,235	(100)	(19)	(76)	193	1,608	3,553	220	3,773
At January 1, 2017	284,767,670	854	2,823	108	(7)	(88)	199	1,769	5,658	267	5,925
Issue of share capital	-	-	-	-	-	-	-	-	-	(14)	(14)
- Performance share granted	41,695	0	-	-	-	-	-	(0)	-	-	-
- On exercise of stock options	477,225	1	10	-	-	-	-	-	12	-	12
- Cancellation of treasury stock	-	0	(1)	-	-	-	-	-	(1)	-	(1)
Hybrid capital dividend payment	-	-	-	-	-	-	-	(37)	(37)	-	(37)
	-	-	-	-	-	-	-	-	-	-	-
Dividends paid in cash	3,975,968	12	136	-	-	-	-	(299)	(152)	(14)	(166)
Changes in reserve related to employee benefits	-	-	-	-	-	-	5	-	5	-	5
Effects of scope changes	-	-	-	0	-	(0)	-	(19)	(19)	(16)	(36)
Other Comprehensive Income	-	-	(309)	(274)	5	(0)	-	309	(270)	2	(268)
Net Profit or Loss	-	-	-	-	-	-	-	77	77	18	95
Total Profit or Loss and other comprehensive income	-	-	(309)	(274)	5	(0)	-	386	(192)	20	(173)
At June 30, 2017	289,262,558	868	2,659	(166)	(3)	(88)	205	1,799	5,274	244	5,517

Notes to the Condensed Consolidated Financial Statements

➤ Notes to the Condensed Consolidated Financial Statements

The condensed consolidated financial statements at June 30, 2017 were approved by the Board of Directors of July 26, 2017.

Note 1. Main events of the period

A. Spin-off and contemplated disposal of AccorInvest

Presentation of the project

In 2013, AccorHotels launched a plan to reorganize its business model around two strategic businesses, HotelServices (hotel management and franchising business) and HotelInvest (hotel owner-operator business).

On July 12, 2016, after three years of transformation to create a more efficient business model, the Group announced a project to turn HotelInvest into a subsidiary and open up its share capital to external investors. The aim of the project is to strengthen AccorHotels' financial resources in order to maximize the Group's overall value by stepping up the pace of business growth and seizing new development opportunities.

In early December 2016, AccorHotels initiated negotiations with potential investors with a view to selling a majority stake in the new group. On completion of the sale, the Group would become a minority shareholder while remaining a business partner. AccorHotels would continue to be the preferred manager of the hotels operated by the new group and would also continue to own the brands, which would be licensed to the hotels under management contracts.

Project implementation

The internal restructuring operations launched in late 2016 were pursued during first-half 2017 to legally separate the HotelInvest business from the HotelServices business in 26 countries and contribute HotelInvest business to Accor Hotels Luxembourg, a Luxembourg limited company renamed AccorInvest Group.

The contributed business comprises 940 hotels in 26 countries, corresponding to all the hotels operated by HotelInvest, with the exception of those operated in Eastern Europe and some hotels in Brazil that are operated under variable lease contracts based on a percentage of EBITDAR, which are not considered to be compatible with the owner-operator strategy.

In France, Accor SA contributed its entire HotelInvest business in Continental Europe to AccorInvest SAS by way of a spin-off governed by the law on demerger (“apport partiel d’actifs”), and the AccorInvest SAS shares were then contributed to AccorInvest Group. First, the company's staff representative bodies have been informed and consulted. The Health and Safety Committee gave its opinion on March 22 and the central Works Council on April 12.

On May 18, 2017 the Board of Directors authorized the HotelInvest spin-off and signature of the contribution and spin-off agreement between Accor SA and AccorInvest SAS.

On June 13, 2017 the proposed asset contributions paving the way for the sale of AccorInvest were approved by the General Meeting of Accor bondholders. This means that the bonds' terms will not be affected by this sale.

At the Extraordinary Meeting held on June 30, 2017 AccorHotels’ shareholders approved the contribution agreement as previously approved by the Board of Directors, based on the reports on the value of the contributed assets and the consideration prepared by the demerger auditors appointed by Presiding Magistrate of Evry Commercial Court.

The spin-off was therefore completed on June 30, 2017. Effective from that date, AccorInvest Group owns all of the HotelInvest assets contributed in continental Europe through its French AccorInvest SAS subsidiary, as well as the other HotelInvest assets included the transaction perimeter in Africa, Latin and South America, Australia, Japan, Singapore and the United Kingdom through various AccorInvest subsidiaries.

Accounting treatment

The AccorInvest assets and liabilities were classified as assets held for sale at December 31, 2016, in accordance with IFRS 5. AccorHotels considers that the planned divestment will lead to the loss of control of AccorInvest under IFRS 10. On completion of the transaction, the rights held by the Group (voting rights at Shareholders' Meetings and contractual rights resulting from the agreements governing future relations between the parties, the shareholders' agreement and hotel management contracts) will not give it the power to unilaterally direct its relevant activities, i.e. operation of the hotels and strategic management of the hotel portfolio. Consequently, on completion date, the assets and liabilities of AccorInvest will be derecognized and the Group's minority stake in the company net assets will be recognized under "Investments in associates".

The classification as assets held for sale was maintained at June 30, 2017. As of that date, the spin-off of AccorInvest had been approved by the Group's governance bodies (Board of Directors and General Shareholders Meeting), the bondholders and the employee representatives. In addition, discussions with potential investors were pursued throughout the first half of 2017. The Group expects to complete the sale of AccorInvest by the end of the year.

Accor SA shall consult its shareholders (during an ordinary general meeting) prior to the disposal, which is considered as a major asset disposal. The probability of obtaining such approval is deemed high by the Management of the Group.

In the Group’s half-year condensed financial statements, AccorInvest business is presented separately in accordance with IFRS 5. Therefore:

(1) The assets held for sale and related liabilities are presented separately from the Group's other assets and liabilities on specific lines of the consolidated statement of financial position at June 30, 2017,

(2) The first half 2017 profit of the discontinued operations is reported on a separate line of the consolidated income statement (under "Net profit or loss from discontinued operations") and statement comprehensive income, with restatement of the first half 2016 comparative information,

(3) Cash flows from operating, investing and financing activities for first half 2016 attributable to the discontinued operations are presented separately in the consolidated cash flow statement, with comparative information restated on the same basis.

Note 3 presents in detail the assets and liabilities reclassified as held for sale at June 30, 2017 and the contribution of the discontinued operations to consolidated net profit and cash flows for first half 2016 and first half 2017. Note 20 illustrates the impact of restatements applied to the comparative income statement and cash flows, in accordance with IFRS 5.

B. Changes in the scope of consolidation

B.1. Acquisitions

Acquisition of VeryChic

On March 31, 2017, AccorHotels acquired 75% of the share capital and voting rights of VeryChic, a digital platform for the private sale of luxury hotel rooms and apartments, cruises, breaks and packages. Created in 2011, the company offers, via its website and mobile application, more than 4,000 exclusive private sales at attractive prices, throughout the year, to a member base of more than 5 million. Through this transaction, AccorHotels intends to develop its expertise in the creation of exceptional private sales and also to enable VeryChic to accelerate its international development and become the global leader in its sector.

This acquisition has been fully consolidated since March 31, 2017. The consideration transferred amounts to €22 million, including a €5 million earn-out payment that may be adjusted depending on the business's performance in 2017. Provisional goodwill amounts to €21 million. In accordance with IFRS 3, the purchase price allocation will be completed and the final goodwill determined within the 12-month measurement period starting from the acquisition date.

The selling shareholders have retained a 25% share in VeryChic's capital. They benefit from a put option on all their shares based on a formula that is exercisable in two tranches in 2019 and 2020. This option represents a liability on non-controlling interests for AccorHotels and has been recognized in debt in the consolidated statement of financial position at June 30, 2017 for its estimated amount of €9 million.

Acquisition of Availpro

On April 5, 2017, AccorHotels announced the acquisition of 83.3% of the share capital and voting rights of Availpro. Created in 2001, this company is the leader in France and one of the leading European software providers to hoteliers, with more than 6,500 clients. Following the acquisition of Fastbooking in 2015, this acquisition will allow the Group to create the leading European digital services provider for independent hotels. By combining the talents of these two companies, AccorHotels will be able to offer its hotelier clients an ever wider, more innovative and high performance application suite, enabling them to increase their visibility and sales.

Availpro has been fully consolidated since April 5, 2017. The consideration transferred amounts to €24 million, including a €2 million earn-out payment that may be adjusted depending on performance criteria. Provisional goodwill amounts to €19 million. The purchase price allocation will be completed within the 12-month measurement period.

AccorHotels has committed to acquire the remaining shares in two tranches in April 2018 and April 2019 at a total price of €5 million. This commitment has been recognized in debt in the consolidated statement of financial position at June 30, 2017.

Acquisition of Travel Keys

On May 3, 2017, AccorHotels finalized the acquisition of Travel Keys, one of the leading players in the luxury private vacation rental market. Founded in 1991, Travel Keys has a portfolio of over 5,000 luxury villas across more than 100 destinations. This acquisition consolidates AccorHotels' leadership in the luxury private rental market. The combination of Travel Keys with onefinestay will provide the Group with a unique offering of addresses in the luxury private rental market, in both vacation and urban settings.

Travel Keys has been fully consolidated since May 3, 2017. The consideration transferred amounts to €7 million, including a €1 million earn-out payment that may be adjusted depending on the business's performance in 2017. Provisional goodwill amounts to €9 million. The purchase price allocation will be completed within the 12-month measurement period, in accordance with IFRS 3.

These three acquisitions had no material impact on the various components of the first-half 2017 income statement. This would also have been the case if they had taken place on January 1, 2017.

B.2. Other operations

Over the period, three investments were recorded under the equity method in the Group's half-year condensed financial statements for a total cost of €67 million.

Strategic partnership with Rixos Hotels & Resorts

On March 6, 2017 AccorHotels and Rixos Hotels announced a strategic partnership, illustrating the Group's strategy to expand its presence in the Upper Upscale/Luxury market, with a primary focus on developing global activities in the resort segment. Under a long-term joint-venture, both parties intend to collaborate, develop and manage Rixos branded resorts and hotels worldwide.

On June 14, 2017 AccorHotels acquired 50% of the share capital of this joint-venture. Through this partnership, AccorHotels will integrate in its network 15 iconic hotels that are ideally located in premium resort markets in Turkey, the United Arab Emirates, Egypt, Russia and Europe. As part of this transaction, Rixos plans to reflag five city-center hotels to AccorHotels brands, which will also be managed by the Group.

Acquisition stake in Potel & Chabot

On May 17, 2017, AccorHotels finalized the acquisition of a 39.5% interest in Potel & Chabot Group. Following exclusive negotiations, a consortium made up of Edmond de Rothschild Investment Partners, AccorHotels and Potel & Chabot managers acquired the group's entire share capital. The transaction will provide Potel & Chabot Group with new development prospects.

Founded in 1820, the group has unparalleled expertise in the organization of tailor-made prestigious reception events. Through its two brands, the group has become the industry standard in both the luxury (Potel & Chabot) and premium (Saint Clair le Traiteur) segments.

AccorHotels has two seats on Potel & Chabot's Supervisory Board.

Acquisition stake in Noctis

On June 6, 2017, AccorHotels completed the acquisition of a 31% stake in the Noctis group. The transaction consisted of acquiring all of the convertible bonds held by the FCDE ("Fonds de Consolidation et de Développement des Entreprises") and converting them immediately into Noctis shares.

A top-tier Paris-based events, catering and entertainment specialist, Noctis has a portfolio of upscale, emblematic assets, particularly in Paris, and organizes over 3,000 events a year. Through this investment, AccorHotels is cementing its leadership in the center of Paris, a prominent destination for international and local customers seeking original and exclusive venues.

AccorHotels has two seats on Noctis' Supervisory Board.

C. Acquisition of hotel assets

AccorHotels has announced the buy-back of 5 strategic hotels in Budapest, representing a total investment of €68 million (including the working capital acquired for €2 million). These hotels represent a total of 1,151 rooms and were operated under fixed leases under the Mercure, Ibis and Ibis Style brands. Budapest is a diversified, fast-growing market with limited competition in the 2-to-4 star segment.

D. Bond Issue

On January 18, 2017, AccorHotels successfully set the terms of a 7-year bond issue for an amount of €600 million with an annual coupon of 1.25%. With this issue, AccorHotels took advantage of the favorable conditions on the credit market to optimize its average cost of debt and extend the average maturity.

E. Share capital

On January 31, 2017, Colony Capital disclosed that it had sold its entire interest in AccorHotels, representing 13,774,992 shares. The latter no longer has a seat on the Board and, consequently, no longer holds any voting rights. The concert group between Colony Capital and Eurazeo therefore ceased to exist as of that date. Eurazeo continues to hold 4.21% of AccorHotels' capital and 7.85% of the voting rights.

On June 30, 2017, Jin Jiang is the first shareholder of AccorHotels with 12.36% of the Group's share capital corresponding to 11.58% of the voting rights.

Since July 14, 2016, Qatar Investment Authority (QIA) owns 10.20% of the Group's share capital corresponding to 9.55% of the voting rights and Kingdom Holding Company of Saudi Arabia (KHC) own 5.70% of the Group's capital corresponding to 5.34% of the voting rights.

Note 2. Accounting principles

Accounting framework

The AccorHotels Group's half-year consolidated financial statements are prepared in accordance with IAS 34 on interim financial information. As provided for in IAS 34, these condensed financial statements do not include all the information required by the IFRS for the preparation of annual consolidated financial statements, but only the significant events of the period. They should therefore be read in conjunction with the consolidated financial statements for the year ended December 31, 2016, prepared in accordance with IFRS standards as adopted by the European Union as of December 31, 2016.

The accounting principles applied are the same as those applied for the preparation of the consolidated financial statements for the year ended December 31, 2016, except for following specific principles applied for the interim financial reporting:

A. Income Tax Expense: the income tax expense (current and deferred) is calculated by applying, on the one hand, the estimated annual average tax rate for the current fiscal year for each entity or tax group to profit before tax and non-recurring items for the period and, on the other hand, the current tax rate of each country to the non-recurring items of the period.

B. Employee benefits: The post-employment and other long-term employee benefit obligation recognized at June 30, 2017 is calculated by projecting the December 31, 2016 obligation over a six-month period, taking into account any benefits paid and any changes to plan assets. The actuarial assumptions used in the calculation of the employee benefit obligations are updated in the event of significant change over the period.

The business carried out by the Group during the six months ended June 30, 2017 is not materially seasonal.

At the date of approval of the half-year condensed consolidated financial statements, there is no new standard, amendment or interpretation mandatory for financial years beginning on or after January,1st 2017. These financial statements therefore comply with the IFRS standards and interpretations as adopted by the European Union as of June 30, 2017.

The Group did not apply early any standard, amendment or interpretation.

Some texts published by the IASB and applicable for 2017 have not yet been approved by the European Union:

- Amendment to IAS 12 « Recognition of deferred tax assets for unrealized losses »
- Amendment to IAS 7 « Reconciliation of liabilities from financing activities »
- Amendment to IFRS 12 « Clarification of the scope of the disclosure requirements in IFRS 12 » (Annual Improvements to IFRS Standards 2014–2016 Cycle)

The Group does not expect any significant impact on the application of these texts to its annual consolidated financial statements.

Future standards, amendments to and interpretations of existing standards

The assessment of the impact of future standards on the Group's consolidated financial statements is as follows:

Standard	**IFRS 9 Financial Instruments**
Nature of change	IFRS 9 adresses the classification and measurement of financial assets and financial liabilities, introduces a new impairment model for financial assets and new rules for hedge accounting.
Estimated impact	Based on a preliminary analysis performed by the Group, this new standard may have very few impact on the classification and measurement of the Group's financial assets and liabilities. The new provisioning model should lead to recognition of earlier expected credit losses (long-term loans and trade receivables), but the impact should be insignificant in terms of the Group's aggregates. A reflection is currently under progress in order to define an approach that reflects the best estimate of future expected losses. The Group does not expect a significant impact on the accounting for its hedging relationships.
Date of adoption	Mandatory application for financial years commencing on or after January 1, 2018.

Standard	**IFRS 15 Revenue from contracts with customers**
Nature of change	IFRS 15 introduces a single model for all types of transactions. This new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer. The standard permits either a full retrospective or a simplified retrospective approach for the adoption.
Estimated impact	The assessment of expected impacts of the first application of this new text is still ongoing. However, the Group does not anticipate any significant impact on its consolidated financial statements.
Date of adoption	Mandatory application for financial years commencing on or after January 1, 2018.

Standard	IFRS 16 Leases
Nature of change	IFRS 16 removes the distinction between operating and finance leases, resulting in almost all leases being brought onto the balance sheet. The standard requires to recognize: - an asset reflecting the right to use the leased item ; and - a liability representing the obligation to pay rentals. Exemption applies to short-term and low-value leases.
Estimated impact	The assessment of the impacts of the application of this new standard is still ongoing. However, in view of AccorInvest's current disposal project, which covers virtually all of the hotel portfolio (see Note 1 for details), the Group in its future configuration does not anticipate any major impact on its consolidated financial statements. As at June 30, 2017, AccorHotels Group (excluding AccorInvest) has non-cancellable operating lease commitments of €445 million (before discounting impact). The Group has not yet determined the extent to which these liabilities could result in the recognition of an asset and a liability in the statement of financial position.
Date of adoption	Mandatory application for financial years commencing on or after January 1, 2019 (subject to the endorsement by the European Union).

Consideration of estimates and assumptions

The preparation of consolidated financial statements implies the consideration by Group management of estimates and assumptions that can affect the carrying amount of certain assets and liabilities, income and expenses, and the information disclosed in the notes to the financial statements. Group management reviews these estimates and assumptions on a regular basis to ensure that they are appropriate based on past experience and the current economic situation. Items in future financial statements may differ from current estimates as a result of changes in these assumptions. When a specific transaction is not covered by any standards or interpretations, management uses its judgement in developing and applying an accounting policy that results in the production of relevant and reliable information.

Note 3. Assets and liabilities held for sale and discontinued operations

As explained in Note 1, since December 31, 2016, assets and liabilities of AccorInvest are classified as held for sale in accordance with IFRS 5. This classification is maintained at June 30, 2017.

The assets and liabilities of AccorInvest are measured at the lower of carrying amount and fair value less costs to sell. At June 30, 2017 a comparison of these two values did not reveal any impairment.

The profit of discontinued operations over the first semester 2017 is reported on a separate line in the consolidated income statement, with restatement of comparative information provided for the first semester 2016. Cash flows attributable to discontinued operations are also presented on separate lines.

3.1. Assets and liabilities held for sale

The breakdown of assets and liabilities held for sale is as follows:

In millions of euros	December 31, 2016	June 30, 2017
AccorInvest assets held for sale	4,407	4,661
Other assets classified as held for sale	50	71
Total Assets held for sale	**4,457**	**4,732**
Liabilities related to AccorInvest	(1,168)	(1,346)
Liabilities related to other assets classified as held for sale	(9)	(8)
Total Liabilities associated with assets classified as held for sale	**(1,177)**	**(1,354)**

Changes in Other assets held for sale during first-half 2017 corresponded mainly to the classification as held for sale of a recently acquired Sofitel in Budapest for €43 million for the purpose of its sale.

AccorInvest assets and liabilities held for sale

In millions of euros	December 31, 2016	June 30, 2017
Goodwill	321	316
Intangible assets	32	43
Tangible assets	3,119	3,305
Other non-current assets	167	179
Non-current assets	**3,639**	**3,844**
Receivables and other current assets	476	499
Cash and cash equivalents	292	318
Assets held for sale	**4,407**	**4,661**
Financial debts	133	142
Other non-current liabilities	148	177
Non-current liabilities	**281**	**319**
Trade payables	368	328
Other current liabilities	519	700
Liabilities associated with assets classified as held for sale	**1,168**	**1,346**

Property, plant and equipment increased by a net €186 million in first-half 2017, corresponding primarily to:

(a) The acquisition of 15 hotel properties in Australia operated under the Ibis and Ibis Budget brands for €163 million. The transaction was part of an agreement with the owner, a wholly owned subsidiary of Abu Dhabi Investment Authority (ADIA), concerning the restructuring of a portfolio of 30 hotels,

(b) Recognition of a €39 million impairment loss on the lands of a hotel property in Bermuda included in the FRHI Hotels & Resorts acquisition, as part of the update of the purchase price allocation,

(c) Renovation and maintenance expenditure for €23 million on 5 existing hotels leased by FRHI Hotels & Resorts.

3.2. Discontinued Operations

The information presented below provides the contribution of AccorInvest on the Group Income and Cash Flow Statements. This excludes the Italian Onboard day Train Services business, which remains classified as discontinued operation because of the ongoing liquidation process of the company, and whose contribution is not significant over the presented periods.

Income statement of AccorInvest

In millions of euros	1st semester 2016	1st semester 2017
Consolidated Revenue	**1,908**	**1,963**
Operating expense	(1,380)	(1,431)
EBITDAR	**527**	**532**
Rental expense	(309)	(314)
EBITDA	**218**	**218**
Depreciation, amortization and provision expense	(113)	0
EBIT	**105**	**218**
Other income and expense	(40)	(50)
Income tax expense	(19)	(253)
Net Profit	**46**	**(85)**

The first semester 2017 result of AccorInvest can be analyzed as follows:

(1) **Operating expense** mainly consisting of employee benefits expense for €650 million stable compared to the first semester 2016 (€631 million),

(2) A €314 million **rental** expense,

(3) A €122 million favourable impact on **amortization** expense due to amortization on non-current assets classified as held for sale being ceased starting from January 1, 2017 in accordance with IFRS 5.

(4) **Other income and expense** mainly consisting of:

  a. An expense for financial result and net share of profit of equity investments of €5 million,

  b. Restructuring costs for €32 million mainly in France for €30 million,

  c. Other non-recurring expense for €13 million.

(5) **Income tax expense** comprising, besides current taxes, a €205 million tax cost resulting from the legal restructuring operations carried out in connection with the AccorInvest spin-off and a €33 million negative impact on income tax due to the freeze of amortization.

Cash flows attributable to AccorInvest

In millions of euros	1st semester 2016	1st semester 2017
Funds from operations excluding non-recurring transactions	202	198
Decrease (increase) in operating working capital	(97)	132
Cash received (paid) on non-recurring transactions	(20)	(28)
Cash Flows from operating activities including non-recurring transactions	**84**	**302**
Renovation and maintenance expenditure	(57)	(90)
Development expenditure	(330)	(296)
Proceeds from disposals of assets	140	(177)
Net cash flows used in investments / divestments	**(247)**	**(563)**
Cash Flows from financing activities	**(31)**	**(2)**
Effect of changes in exchange rates	(0)	30
Total Net Cash Flows	**(194)**	**(233)**

Cash flows from non-recurring transactions mainly concern restructuring operations in France.

Development expenditure mainly concern:

A. €156 million related to the acquisition of 15 hotels in Australia to ADIA (net of 2016 deposit),

B. €16 million related to the buyout of minority interests (38%) of Sofitel Santa Clara,

C. €16 million related to the acquisition of Mercure Lyon Plaza,

D. €10 million related to the acquisition of ibis Madrid Barajas Airport,

E. €10 million related to the acquisition of ibis Aberdeen Centre in the United Kingdom.

Cash flows from disposals of assets correspond primarily to the tax cost resulting from the legal restructuring operations carried out in connection with the AccorInvest spin-off for €205 million (with a counterpart in working capital) compensated by the proceeds from the disposal in Sale and Management Back of a portfolio of 15 hotels in Australia (as part of the agreement with ADIA) for €14 million.

Note 4. Operational Segments

Until year-end 2016, the Group’s business model was organized around two strategic businesses:

B. HotelServices: Hotel manager and brand franchisor,

C. HotelInvest: Hotel owner-operator.

Each strategic business was organized by region.

As part of the contemplated disposal of substantially all of its HotelInvest business, which was contributed to AccorInvest subsidiary on June 30, 2017, AccorHotels has implemented a new organizational structure that resulted in a redefinition of its internal reporting.

Therefore, since the beginning of 2017, the internal reporting reviewed by the Executive Committee, defined as the Chief Operating Decision Maker in accordance with IFRS 8, is now organized around three strategic businesses: HotelServices, Hotel Assets and New Businesses.

HotelServices

HotelServices corresponds to AccorHotels’ business as a hotel manager and franchisor. Its business model focuses entirely on generating fees and services revenue.

All of the Group's hotels, including those contributed to AccorInvest, are managed by HotelServices under management or franchise contracts. The management fees are aligned with market prices in the region or country concerned. In addition, Service Level Agreements (SLAs) have been signed to allocate the cost of services supplied (corresponding to the finance, human resources, purchasing, IT and legal functions), reflecting the country or region organizational structure. On completion of the sale of AccorInvest, the hotels managed by AccorInvest will continue to be managed by HotelServices under management contracts.

HotelServices also includes sales and marketing, distribution and information systems as well as other activities such as a timeshare business in Australia, Strata, a company that operates the common areas of hotels in Oceania, and the AccorHotels loyalty program.

Hotel Assets

HotelInvest is the Group’s hotel owner-operator, comprising the Group’s owned and leased hotels. This operating segment comprises hotels operations in Eastern Europe and certain hotels, mainly in Brazil, that are operated under variable lease contracts based on a percentage of EBITDAR (corresponding to the perimeter of hotel assets not contributed to AccorInvest). Its business model aims to improve the return on assets and optimize the impact on the statement of financial position. HotelInvest spans all asset portfolio management activities, hotel design, construction, refurbishment and maintenance activities as well as the legal and finance functions.

New Businesses

This operating segment corresponds to new businesses developed by the Group (mainly through acquisitions) that were previously included in the HotelServices segment and that are now presented separately:

- Digital services for independent hotels: this business, currently organized around Fastbooking, consists of offering digital solutions to independent hotel operators that will drive growth in their direct sales. The acquisition of Availpro rounds out the suite of products and services offered to hotel operators and create the European leader in digital services for independent hotels.
- Private luxury home rentals, comprising onefinestay and the newly acquired Travel Keys, with over 10,000 addresses 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, with the integration of John Paul within the Group, and which in parallel has taken over the Accor Customer Care Service and is managing the launch of AccorLocal project currently being tested in 80 hotels and 5 cities in France.

The performance of the HotelServices and Hotel Assets segments continues to be followed 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

The new internal reporting is presented based on this Strategic business/Region matrix, except for New Businesses which is treated as a separate business segment. This reporting is used by management to assess the segments' performance and make decisions about resources to be allocated to each one.

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

- Revenue
- EBITDA
- EBIT

In accordance with IFRS 8, comparative segment information for first-half 2016 has been restated in order to reflect the Group's new organization.

No balance sheet information by segment is reported to the chief operating decision maker.

4.1. Information by strategic business

The Group’s performance by strategic business is as follows:

1st semester 2017 In millions of euros	**HotelServices**	**Hotel Assets**	**New Businesses**	**Corporate & Intercos**	**Total**
Revenue	839	297	43	(258)	922
EBITDA	310	40	(14)	(33)	303
EBITDA Margin	*36.9%*	*13.4%*	*(31.5)%*	*N/A*	*32.9%*
EBIT	270	17	(17)	(44)	226
EBIT Margin	*32.2%*	*5.6%*	*(39.4)%*	*N/A*	*24.5%*

1st semester 2016 In millions of euros	**HotelServices**	**Hotel Assets**	**New Businesses**	**Corporate & Intercos**	**Total**
Revenue	645	280	13	(248)	691
EBITDA	199	32	(10)	(34)	187
EBITDA Margin	*30.8%*	*11.4%*	*(74.8)%*	*N/A*	*27.1%*
EBIT	177	11	(10)	(44)	134
EBIT Margin	*27.5%*	*3.9%*	*(77.5)%*	*N/A*	*19.5%*

4.2. Information by region

Revenue and earnings indicators by region break down as follows:

1st semester 2017 In millions of euros	France & Switzerland	Europe	Middle East & Africa	Asia-Pacific	North America, Central America & Caribbean	South America	Worldwide Structures	Total
Revenue	144	254	73	208	74	80	89	922
EBITDA	71	115	26	66	42	4	(21)	303
EBITDA Margin	*49.6%*	*45.1%*	*35.6%*	*31.8%*	*57.3%*	*4.9%*	*N/A*	*32.9%*
EBIT	70	85	22	58	37	3	(49)	226
EBIT Margin	*48.4%*	*33.4%*	*29.4%*	*28.1%*	*50.7%*	*3.7%*	*N/A*	*24.5%*

1st semester 2016 In millions of euros	France & Switzerland	Europe	Middle East & Africa	Asia Pacific	North America, Central America & Caribbean	South America	Worldwide Structures	Total
Revenue	135	219	55	175	16	65	26	691
EBITDA	62	99	15	36	(0)	5	(30)	187
EBITDA Margin	*46.2%*	*45.0%*	*27.0%*	*20.9%*	*(1.6)%*	*7.7%*	*N/A*	*27.1%*
EBIT	62	73	13	31	(0)	4	(47)	134
EBIT Margin	*45.7%*	*33.3%*	*23.2%*	*17.5%*	*(2.3)%*	*6.0%*	*N/A*	*19.5%*

The revenue in France amounts to €133 million in first-half 2017, compared to €128 million in the same period 2016.

4.3. Information by strategic business and by region

A. Consolidated revenue

In millions of euros	France & Switzerland	Europe	Middle East & Africa	Asia Pacific	North America, Central America & Caribbean	South America	Worldwide Structures (*)	1st sem. 2017	1st sem. 2016	Like-for-like change (%)
HOTELSERVICES	194	200	61	225	77	34	49	839	645	6.0%
HOTEL ASSETS	38	181	17	1	-	61	0	297	280	4.6%
NEW BUSINESSES	-	-	-	-	-	-	43	43	13	16.4%
CORPORATE & INTERCOS	(88)	(127)	(4)	(18)	(3)	(15)	(3)	(258)	(248)	1.6%
Total 1st sem. 2017	144	254	73	208	74	80	89	922		
Total 1st sem. 2016	135	219	55	175	16	65	26		691	
Like-for-like change (%)	5.5%	9.4%	23.7%	10.6%	(2.3)%	(6.9)%	N/A			8.3%

(*) « Worldwide Structures » corresponds to revenue that is not specific to a single geographic region.

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

• Like-for-like growth	+57	m€	+8.3%
• Business expansion (of which FRHI for 137m€)	+181	m€	+26.2%
• Currency effects	+8	m€	+1.1%
• Disposals	(15)	m€	(2.1)%
Variation in first-half 2017 Consolidated Revenue	**231**	**m€**	**+33.5%**

At June 30, 2017, HotelServices revenue breaks down as follows:

In millions of euros	Management fees: Third parties	Management fees: AccorInvest	Management fees: Hotel Assets	Franchise fees	Other revenues	Total
1st semester 2017	366	228	28	134	84	839
1st semester 2016	212	221	26	112	75	645

Total fees for managed and franchised hotels increased by 32.6%.

In the Group's half-year consolidated financial statements, the fees received by AccorInvest hotels continue to be eliminated until the closing of the disposal, in accordance with consolidation principles.

B. EBITDA

In millions of euros	France & Switzerland	Europe	Middle East & Africa	Asia Pacific	North America, Central America & Caribbean	South America	Worldwide Structures (*)	1st sem. 2017	1st sem. 2016	Like-for-like change (%)
HOTELSERVICES	71	68	21	66	42	7	35	310	199	21.3%
HOTEL ASSETS	0	38	5	(0)	0	(3)	0	40	32	20.1%
NEW BUSINESSES	-	-	-	-	-	-	(14)	(14)	(10)	8.7%
CORPORATE & INTERCOS	-	10	-	-	-	-	(43)	(33)	(34)	4.9%
Total 1st sem. 2017	71	115	26	66	42	4	(21)	303		
Total 1st sem. 2016	62	99	15	36	(0)	5	(30)		187	
Like-for-like change (%)	11.3%	8.9%	2.2%	33.7%	N/A	(22.6)%	N/A			27.4%

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

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

• Like-for-like growth	+51	m€	+27.4%
• Business expansion (of which FRHI for 68m€)	+65	m€	+34.7%
• Currency effects	+0	m€	+0.0%
• Disposals	(0)	m€	(0.0)%
Variation in first-half 2017 EBITDA	**+116**	**m€**	**+62.1%**

C. EBIT

In millions of euros	France & Switzerland	Europe	Middle East & Africa	Asia Pacific	North America, Central America & Caribbean	South America	Worldwide Structures (*)	1st sem. 2017	1st sem. 2016	Like-for-like change (%)
HOTELSERVICES	69	65	18	59	37	7	16	270	177	21.4%
HOTEL ASSETS	0	17	4	(0)	0	(4)	0	17	11	59.3%
NEW BUSINESSES	-	-	-	-	-	-	(17)	(17)	(10)	8.6%
CORPORATE & INTERCOS	-	4	-	-	-	-	(48)	(44)	(44)	0.5%
Total 1st sem. 2017	70	85	22	58	37	3	(49)	226		
Total 1st sem. 2016	62	73	13	31	(0)	4	(47)		134	
Like-for-like change (%)	11.1%	11.9%	0.6%	38.8%	N/A	(23.4)%	N/A			33.9%

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

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

• Like-for-like growth	+46	m€	+33.9%
• Business expansion (of which FRHI for 54m€)	+45	m€	+33.8%
• Currency effects	(0)	m€	(0.1)%
• Disposals	+1	m€	+0.4%
Variation in first-half 2017 EBIT	**+91**	**m€**	**+68.0%**

4.4. Restated information

Despite the reclassification of AccorInvest business as a discontinued operation in a single line item in the income statement, the fees invoiced by HotelServices to these hotels continue to be eliminated in the half-year consolidated financial statements, in accordance with consolidation principles.

Segment information is presented before eliminating intra-group revenue. It therefore includes fees invoiced by HotelServices to hotels in the HotelAssets segment, which shall continue to be eliminated in consolidation.

For these reasons, neither the revenue presented in the half-year condensed consolidated financial statements nor the revenue presented above is representative of the AccorHotels Group revenue (and related margin) that will be reported once the disposal of AccorInvest has been completed.

This note presents the main Group financial indicators in its future scope, without however restating prior period comparatives to include FRHI acquired on July 12, 2016.

	1st semester 2017			1st semester 2016		
In millions of euros	**Total reported**	**Restatements**	**Total restated**	**Total reported**	**Restatements**	**Total restated**
Revenue	922	275	1,197	691	264	955
EBITDA	303	-	303	187		187
EBITDA Margin	*32.9%*	-	*25.3%*	*27.1%*		*19.6%*
EBIT	226	-	226	134		134
EBIT Margin	*24.5%*	-	*18.9%*	*19.5%*		*14.1%*

The AccorHotels Group's restated revenue amounted to €1,197 million over the first semester 2017 and €955 million over the first semester 2016, after taking into account:

(a) The fees billed by HotelServices to AccorInvest hotels that are eliminated in consolidation. These fees have been added back to revenue in the restated financial information for €228 million over the first semester 2017 (€221 million over the same period 2016),

(b) Purchasing commissions recorded as a deduction from expenses in the consolidated financial statements. In the restated financial information, they are included in revenue for €34 million over the first semester 2017 (€32 million over the same period 2016). This reclassification has no impact on EBIT,

(c) Reimbursements to owned and leased hotels related to the redemption of rewards points for a stay by members of the loyalty program « Le Club AccorHotels », recorded as a deduction from revenue in the consolidated financial statements. In the restated financial information, they are presented as operating expenses, similarly to reimbursements to managed and franchised hotels, for €13 million over the first semester 2017 (€12 million over the comparative period). This reclassification has no impact on EBIT.

Restated EBIT margin stands at 18.9% in first-half 2017, compared to 14.1% over the 2016 comparative period.

Note 5. Operating expense

In millions of euros	1st semester 2016 (*)	1st semester 2017
Cost of goods sold	(30)	(32)
Employee benefits expense	(322)	(393)
Energy, maintenance and repairs	(24)	(27)
Taxes, insurance and service charges (co-owned properties)	(22)	(25)
Other operating expense	(56)	(89)
Operating expense (excl. rents)	**(455)**	**(566)**
Rents	(49)	(53)
Total	**(504)**	**(619)**

(*) Restated amounts in application of IFRS 5.

Note 6. Net Financial Expense

In millions of euros	1st semester 2016 (*)	1st semester 2017
Cost of net debt	(35)	(45)
Other financial income and expenses	(58)	5
Total	**(93)**	**(40)**

(*) Restated amounts in application of IFRS 5.

Cost of net debt includes interest received or paid loans, receivables and debts measured at amortized cost, and gains and losses corresponding to the effective portion of related hedges.

Other financial income and expenses mainly include gains and losses corresponding to the ineffective portion of hedges, dividend income from non-consolidated companies, exchange gains and losses and movements in provisions. The €63 million favourable change is mainly attributable to:

- A €51 million positive fair value adjustment to an interest rate hedge set up on behalf of lessors in order to secure lease financing for a real estate acquisition.

  The purpose of the finance lease, which has a deferred start date of end-2018, is to secure financing conditions for a call option relating to a real estate investment (Group's headquarters). While fair value adjustments on the instrument will impact AccorHotels income statement until the transaction has been finalized, a withdrawal from the transaction would result in a payment being made by the Group. Over the first semester, the €51 million positive impact is attributable to the increase in interest rates.

(1) A €12 million expense related to the ineffective portion of the hedge set up in the connection with the acquisition of FRHI Hotels and Resorts recognized in half-year 2016.

(2) €3 million in net exchange losses.

Note 7. Non-recurring income and expense

In millions of euros	1st semester 2016 (*)	1st semester 2017
Impairment losses	(13)	(0)
Restructuring expenses	(12)	(8)
Gains and losses on management of hotel properties	89	(6)
Other non recurring income and expenses	(45)	(44)
Total	**19**	**(58)**

(*) Restated amounts in application of IFRS 5.

At June 30, 2017, non-recurring income and expenses primarily include the costs incurred for the spin-off and planned divestment of AccorInvest for €28 million (mainly bank fees, legal fees and governance and management consulting fees).

At June 30, 2016, non-recurring income and expenses mainly comprised:

(a) Gains on the management of the Group's hotel portfolio of €89 million, of which €76 million related to the divestment of AccorHotels' Economy and Midscale hotel businesses in China to Huazhu,

(b) Non-recurring costs were also incurred for the integration of FRHI Hotels & Resorts Group (€24 million) and the move to new headquarters offices in Paris (€10 million).

Note 8. Income Tax Expense

In millions of euros	1st semester 2016 (*)	1st semester 2017
+ Operating profit before tax and non recurring items	40	200
- Share of profit of equity investments after tax	1	(13)
= Operating profit before tax, non recurring items and equity investments	**41**	**186**
+ Income tax expense	(20)	39
- Tax on non recurring items (1)	(0)	(97)
= Current tax expense	**(21)**	**(58)**
Current tax / Operating profit before tax, non recurring items and equity investments	**50.2%**	**31.0%**

(*) Restated amounts in application of IFRS 5.

(1) Income tax on non-recurring items consists mainly of deferred tax benefits recognized on differences between the tax basis and the net book value of assets acquired to AccorInvest in Germany and Netherlands, for €56 million, and in respect of tax relief of €37 million (including moratory interests) received following the Stéria ruling confirming the right to a 5% expense deduction on European-source dividends for the period 2009 to 2013.

Note 9. Goodwill

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

In millions of euros	January 1, 2017	Scope impacts	Impairment losses	Translation adjustment & others	IFRS 5 Adjust.	June 30, 2017
France & Switzerland	108	-	-	-	-	108
Europe	91	-	-	-	-	91
Mediterranean, Middle East & Africa	1	-	-	-	-	1
Asia Pacific	180	-	-	(7)	-	173
Worlwide Structures	846	71	-	(60)	(1)	856
HotelServices	**1,226**	**71**	**-**	**(67)**	**(1)**	**1,229**
HotelAssets	**29**	**1**	**-**	**1**	**17**	**48**
New Businesses	**241**	**31**	**-**	**-**	**-**	**272**
Goodwill, net	**1,496**	**103**	**-**	**(66)**	**16**	**1,549**

As explained in Note 4, the Group's operating segments have been redefined to reflect the new organization of the Group. As a result, HotelServices goodwill is now aggregated based on the new geographic areas and goodwill for New Businesses previously included in HotelServices is now presented separately. Comparative information at December 31, 2016 has been restated for comparability purposes.

The FRHI Hotels & Resorts purchase price allocation was updated during first-half 2017. Final goodwill amounts to €865 million (US$959 million), representing a €68 million increase compared to the goodwill recognized at December 31, 2016. This update mainly resulted in:

- Recognition of a €39 million impairment loss on the lands of a hotel property in Bermuda,
- Recognition of additional contingent liabilities for €12 million,
- Recognition of additional deferred tax liabilities for €23 million.

The final goodwill has been allocated as follows:

- €812 million to the HotelServices business (and presented on the line "Worldwide structures"),
- €53 million to AccorInvest (already reclassified as "Assets held for sale" at December 31, 2016).

Changes in goodwill allocated to New Businesses can be explained as follows:

- Recognition of provisional goodwill on the acquisition of VeryChic (€21 million), Availpro (€19 million) and Travel Keys (€9 million),
- Completion of the purchase price allocation of John Paul, acquired in November 2016, which led to the recognition of intangible assets (contractual customer relationships for €31 million and brands for €6 million) and deferred tax liabilities of €13 million. Final goodwill amounts to €87 million.

Concerning the HotelAssets business, the IFRS 5 adjustment corresponds mainly to the €19 million goodwill arising on acquisition of the Sofitel in Egypt which was finally excluded from the assets contributed to AccorInvest.

Note 10. Intangible Assets and Property, Plant and Equipment

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

In millions of euros	January 1, 2017	Increases	Disposals	Translation differences and others	IFRS 5 Adjust.	June 30, 2017
Gross value	2,692	75	(10)	(131)	1	2,627
Amortization	(254)	(44)	9	(6)	(0)	(296)
Impairment losses	(37)	(0)	0	1	(1)	(37)
Total intangible assets, net	**2,401**	**30**	**(1)**	**(136)**	**1**	**2,294**

Increases of the period mainly comprise:

(1) Intangible assets recognized in connection with the purchase price allocation of John Paul for €37 million, (of which contractual customer relationships for €31 million and brands for €6 million).

(2) Leasehold rights for €10 million in the United Kingdom.

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

In millions of euros	January 1, 2017	Increases	Disposals	Translation differences and others	IFRS 5 Adjust.	June 30, 2017
Gross value	1,169	135	(48)	54	79	1,388
Amortization	(572)	(37)	38	(35)	(61)	(666)
Impairment losses	(35)	2	4	0	(36)	(64)
Property, Plant and Equipment, net	**562**	**100**	**(6)**	**19**	**(17)**	**658**

Increases over the period mainly concern:

(1) Buyback of 5 hotels in Budapest formerly operated by the Group under lease contracts under the trading names Mercure, Ibis and Ibis Styles for €66 million,

- The acquisition with a view to disposal of a Sofitel located in Budapest for €43 million (immediately reclassified as assets held for sale).

Over the period, a Sofitel in Egypt was finally excluded from the contributions to AccorInvest and, therefore, excluded from assets held for sale for €29 million.

Note 11. Investments in Associates and Joint-ventures

Changes in the carrying amount of investments in associates and joint ventures during the period were as follows:

Carrying amount of investments in equity investments at January 1, 2017	**596**
Share of net profit for the period	13
Dividends paid	(5)
Changes in scope of consolidation	149
Translation adjustments	(27)
Capital increase	3
Others	0
Carrying amount of investments at June 30, 2017	**728**

Changes in investments in associates and joint ventures were as follows:

- The Avendra shares acquired in July, 2016 as part of the acquisition of the FRHI Hotels & Resorts group were reclassified from "Investments in non-consolidated companies" to "Investments in associates and joint-ventures" due to the significant influence exercised by the Group,

- During the period, the Group acquired stakes in two associates – Noctis and Potel & Chabot – and set up a joint venture with Rixos, leading to a €67 million increase in investments in associates and joint ventures.

Note 12. Shareholder's Equity

12.1. Changes in share capital

At June 30, 2017, the number of outstanding shares and potential shares that could be issued break down as follows:

Number of issued shares at January 1, 2017	**284,767,670**
Performance shares granted	41,695
Shares issued on exercise of stock options	477,225
Shares issued in payment of dividends	3,975,968
Number of issued shares at June 30, 2017	**289,262,558**
Potential shares from stock option plans	1,607,600
Potential performance shares	2,909,302
Potential number of shares	**293,779,460**

At June 30, 2017, the share's par value was €3.

12.2. Diluted earnings per share

At June 30, 2017, the average number of ordinary shares before and after dilution is presented as follows:

Outstanding shares at June 30, 2017	**289,262,558**
Effect of share issues on the weighted average number of shares	(24,648)
Adjustment for stock option plans exercised during the period	(217,683)
Effect of stock dividends on weighted average number of shares	(3,426,801)
Weighted average number of ordinary shares during the period	**285,593,425**

Diluted earnings per share were therefore calculated as follows:

In millions of euros	1st semester 2016	1st semester 2017
Net profit, Group share (continuing and discontinued operations)	**74**	**77**
Hybrid capital dividend payment	(37)	(37)
Adjusted Net profit, Group share	**37**	**40**
Weighted average number of ordinary shares (in thousands)	**235,931**	**285,593**
Number of shares resulting from the exercise of stock options (in thousands)	630	531
Number of shares resulting from performance shares granted (in thousands)	484	148
Fully diluted weighted average number of shares (in thousands)	**237,045**	**286,272**
Earnings per share (in euros)	**0.16**	**0.14**
Diluted earnings per share (in euros)	**0.16**	**0.14**

12.3. Exchange differences on translating foreign operations

Exchange differences on translating foreign operations between December 31, 2016 and June 30, 2017, representing a negative impact of €274 million, mainly concern changes in exchange rates against the euro of the US Dollar (€246 million negative impact), the Brazilian Real (€19 million negative impact), the Australian Dollar (€9 million negative impact), partly compensated by changes in the Polish Zloty (€10 million positive impact) and the Chinese Yuan (€9 million positive impact).

12.4. Payment of dividends

The 2015 and 2016 dividends were as follows:

In euros	2015	2016
Dividend per Share	1.00	1.05

Part of the 2016 dividend was paid in cash for €152 million (50.7%) and part in stock for €148 million (49.3%).

12.5. Share-based payments

The total cost recognized in profit or loss by adjusting equity in respect of share-based payments amounted to €5 million in the first half of 2017 (versus €7 million in first half of 2016), and were almost exclusively related to performance share plans.

The attributable part to the AccorInvest discontinued operations was €1 million in both first half 2016 and 2017.

Performance shares granted in 2017

On June 20, 2017, AccorHotels set up a co-investment plan for its 160 key managers. In exchange for an initial personal investment in AccorHotels shares, plan participants will receive after three years up to three shares for each share originally acquired, provided that certain performance conditions are fulfilled. A total of 1,304,754 performance shares may be awarded under the plan. The fair value of the performance shares at grant date was €10.35, corresponding to the share price of €41.45 less the value of dividends not received during the vesting period and the effect of external conditions.

The shares will vest provided that the grantee remains with the Group until the end of the three-year vesting period and retains his or her personal investment throughout this period, and the following two performance conditions are both fulfilled:

- Internal condition: Achievement of at least 90% of cumulative targeted EBIT for the years 2017, 2018 and 2019,

- External condition: Share price of at least €55 (triggering the vesting of two performance shares for each share purchased) and €60 (three performance shares for each share purchased). The estimated probability of this performance condition being fulfilled was taken into account to determine the fair value of the performance shares on the grant date.

On June 30, 2017, the Group granted 570,579 performance shares to senior executives and certain employees. The shares are subject to a three-year vesting period but no lock-up period applies. The fair value of the performance shares on June 30, 2017 was €34.34, corresponding to the share price of €41.05 less the discounted present value of dividends not received during the vesting period and the effect of external conditions.

The shares will vest provided that the grantee remains with the Group until the end of the three-year vesting period, and the following three performance conditions are fulfilled over the years 2017, 2018 and 2019:

- Internal conditions (80% weighting): EBIT margin compared to the budget and free cash flows excluding disposal proceeds (net cash from operating activities, less net cash used in/from investments and divestments, adjusted for changes in operating working capital),

- External condition (20% weighting): change in AccorHotels' Total Shareholder Return (TSR) compared with that of other international hotel groups and the CAC 40 index. The estimated probability of this performance condition being fulfilled was taken into account to determine the fair value of the performance shares on the grant date.

The aggregate cost of the two performance share plans set up in first-half 2017 amounts to €33 million and is being recognized on a straight-line basis over the vesting period under "Employee benefits expense" with a corresponding adjustment to equity.

The cost recorded in respect of the two plans in first-half 2017 was not material.

12.6. Perpetual subordinated notes

During the first semester 2017, dividend payment on perpetual subordinated notes amounted to €37 million.

Note 13. Financial Debt and Instruments

Note 13.1. Analysis of debt

Net debt on June 30, 2017 breaks down as follows:

In millions of euros		December 31, 2016	June 30, 2017	June 30, 2017 Fair Value
Bonds	(1)	2,635	2,864	2,746
Bank borrowings		67	57	57
Other financial liabilities		6	20	20
Long and short-term borrowings		**2,708**	**2,941**	**2,823**
Long and short-term finance lease liabilities		1	0	0
Purchase commitments on minority interests		103	116	116
Liability derivatives	(2)	34	22	22
Other financial liabilities and bank overdrafts		62	56	56
Long and short-term debt		**2,908**	**3,136**	**3,018**
Money market securities		(1,110)	(726)	(726)
Cash		(59)	(19)	(19)
Other		(42)	(28)	(28)
Derivative instruments	(2)	(15)	(9)	(9)
Financial assets		**(1,226)**	**(782)**	**(782)**
NET DEBT		**1,682**	**2,354**	**2,236**

(1) The fair value of listed bonds corresponds to their quoted market value on the Luxembourg Stock Exchange and on Bloomberg on the last day of the period (level 1 valuation technique according to IFRS 13).

(2) The fair value of forward foreign exchange contracts and interest rate and currency swaps corresponds to the market price that the Group would have to pay or receive to unwind these contracts (level 2 valuation technique according to IFRS 13).

On January 18, 2017, AccorHotels successfully set the terms of a 7 year bond issue for an amount of €600 million with an annual coupon of 1.25%. The Group reimbursed the bond due on June 19, 2017.

On June 30, 2017, money market securities are composed of bank deposits and fixed-term deposits for €407 million and mutual funds units convertible to cash in less than 3 months for €319 million.

No assets were transferred between fair value measurements levels during the periods presented.

Note 13.2. Long and short-term debt by currency and maturity

On June 30, 2017, the analysis of long and short-term debt by currency before and after hedging breaks down as follows:

In millions of euros	Before hedging			After hedging		
	Total debt			Total debt		
	Amount	Interest rate	% of total debt	Amount	Interest rate	% of total debt
Euro	2,638	2.55%	89.7%	2,578	2.50%	87.7%
Swiss franc	137	1.75%	4.7%	137	1.75%	4.7%
Polish zloty	143	2.68%	4.9%	143	2.75%	4.9%
Pound sterling	-	0.00%	0.0%	27	0.25%	0.9%
Japanese yen	-	0.00%	0.0%	33	0.00%	1.1%
Mauritian rupee	23	7.68%	0.8%	23	7.68%	0.8%
Long and short-term debt	**2,941**	**2.56%**	**100%**	**2,941**	**2.47%**	**100%**

On June 30, 2017, maturities of long and short-term debt were as follows:

In millions of euros	December 31, 2016	June 30, 2017
Year 2017	632	261
Year 2018	10	11
Year 2019	345	344
Year 2020	84	87
Year 2021	948	956
Year 2022 and beyond	689	1,282
Total Long and short-term debt	**2,708**	**2,941**

This analysis of debt by maturity over the long-term is considered as providing the most meaningful liquidity indicator. In the above presentation, all derivatives are classified as short-term. Borrowings and short-term investments denominated in foreign currencies have been translated into euros at the rate on the closing date.

On June 30, 2017, unused long-term committed line amounts to €1,800 million, expiring on June 2019.

Note 14. Provisions

Movements in long-term and short-term provisions during the first half of 2017, can be analyzed as follows:

In millions of euros	December 31, 2016	Equity impact	Increases	Utilizations	Reversals of unused provisions	Translation adjustment	Change in scope and reclassification	IFRS 5 reclass.	June 30, 2017
Provisions for pensions	100	-	5	(2)	(0)	(1)	(8)	1	**95**
Provisions for loyalty bonuses	14	-	2	(5)	(0)	(0)	(1)	0	**10**
Provisions for tax and other claims	19	-	0	(0)	-	(2)	4	-	**21**
TOTAL LONG-TERM PROVISIONS	**133**	**0**	**7**	**(7)**	**(1)**	**(2)**	**(5)**	**1**	**126**
Tax provisions	24	-	0	(18)	(0)	(0)	8	0	**14**
Restructuring provisions	70	-	1	(19)	(9)	(1)	1	-	**43**
Provisions for claims and other contingencies	57	-	17	(4)	(5)	(1)	(1)	1	**65**
TOTAL SHORT-TERM PROVISIONS	**151**	**-**	**19**	**(41)**	**(14)**	**(2)**	**8**	**1**	**122**

Contingent liabilities of €12 million were recognized as part the update of the purchase price allocation of FRHI Hotels & Resorts.

Reversals over the period mainly relate to:

- Tax provisions, of which €9 million related to a tax dispute in Canada (entity of FRHI Hotels & Resorts) and €8 million related to the tax audit of Accor SA in 2008-2009, which were reversed following the payment of the amounts claimed,
- Restructuring provisions, of which €12 million related to the integration of FRHI Hotels & Resorts and €7 million related to the Pullman Montparnasse restructuring plan.

Note 15. Working Capital

The variation in Working Capital can be analyzed as follows:

In millions of euros	December 31, 2016	June 30, 2017	Variation
Inventories	8	10	2
Net trade receivables	374	408	34
Other receivables and accruals	252	296	43
Current assets	**635**	**714**	**79**
Trade payables	384	377	(7)
Other payables	587	644	57
Current Liabilities	**971**	**1,021**	**50**
Working capital	**336**	**307**	**(29)**

The €(29) million change in working capital is mainly explained by a change in operating activities for €(64) million, partly offset by the tax effect resulting from the legal restructuring operations carried out in connection with the AccorInvest spin-off for €36 million.

Note 16. Renovation and maintenance and Development Expenditure

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

Development expenditure corresponds to the property, plant and equipment, and acquired net debt of newly consolidated companies and includes the purchase or construction of new assets and the exercise of call options under sale-and-leaseback transactions, as follows:

In millions of euros	1st semester 2016 (*)	1st semester 2017
Renovation and maintenance expenditure	(40)	(43)
Development expenditure	(399)	(271)
Total	**(439)**	**(314)**

(*) Restated amounts in application of IFRS 5.

At June 30, 2017, development expenditure mainly comprise:

- €68 million related to the acquisition of a company holding five hotels in Budapest,
- €67 million related to the acquisition stake in investments recorded under the equity method (Rixos Hotels, Noctis, Potel & Chabot),
- €63 million related to the acquisitions of Availpro, Travel Keys and VeryChic,
- €43 million related to the acquisition of a Sofitel in Budapest.

Note 17. Claims, litigation and Off-Balance Sheet Commitments

Note 17.1. Claims and litigation

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

Note 17.2. Off Balance Sheet Commitments

The main changes in commitments related to purchases or disposals of shares are presented in the note on main events.

Off-balance sheet commitments given by the Group (excluding discontinued operations) decreased by €157 million during the first half of 2017. The change by type breaks down as follows:

In millions of euros

Off-Balance Sheet Commitments at December 31, 2016		**863**
Security interests given on assets		1
Capex Commitments		7
Purchase commitments	(1)	(90)
Loan guarantees given	(2)	(74)
Commitments given in the normal course of business		(2)
Contingent liabilities		0
Off-Balance Sheet Commitments at June 30, 2017		**706**

(1) Change in purchase commitments is in connection with property development projects (see note 16) and consists primarily of:

a. Write-off of commitment due to the buy-back of five hotels located in Budapest: €70 million,

b. Write-off of commitment due to the acquisition of a 50% stake in the company that holds the Rixos brand and related management contracts: €36 million,

c. Commitment to invest in the Banyan Tree Group located in Singapore for an amount of €16 million.

(2) Change in loan guarantees given consists primarily of :

a. Decrease of lease commitments related to hotels: €83 million,

b. Commitments given in respect of a guarantee issued to Citibank on behalf of FRHI Hotels & Resorts: €16 million.

Off-balance sheet commitments received are comparable in type and amount with those disclosed in the notes to the consolidated financial statements for the year ended December 31, 2016.

Furthermore, off-balance sheet commitments given attributable to discontinued operations (AccorInvest) are broadly stable at €3 million compared to the year ended December 31, 2016.

Note 18. Related Party Transactions

The main related parties are equity associates and joint ventures, Executive Committee members and members of the Board of Directors. During the first half of 2017, no related party agreement was signed.

Note 19. Subsequent Events

No significant events occurred between the balance sheet date and the date when the Board of Directors authorized the condensed half-year consolidated financial statements for issue.

Note 20. Restatement of comparative information

As mentioned in Note 1, the profit and cash flows attributable to AccorInvest are presented on separate lines as discontinued operations in the half-year 2017 consolidated financial statements. In application of IFRS 5, the comparative financial statements for half-year 2016 have been restated accordingly. The impact of these restatements is presented below.

20.1. Restated Consolidated Income Statement

In millions of euros	1st semester 2016		
	Reported	IFRS 5 impacts	Restated
CONSOLIDATED REVENUE	**2,598**	**(1,908)**	**691**
Operating expense	(1,835)	1,380	(455)
EBITDAR	**763**	**(527)**	**236**
Rental expense	(358)	309	(49)
EBITDA	**405**	**(218)**	**187**
Depreciation, amortization and provision expense	(166)	113	(52)
EBIT	**239**	**(105)**	**134**
Net financial expense	(97)	4	(93)
Share of net profit of associates and joint ventures	0	(2)	(1)
OPERATING PROFIT BEFORE TAX & NON RECURRING ITEMS (INCL. FINANCIAL RESULT)	**143**	**(103)**	**40**
Non-recurring income and expense	**(19)**	38	19
OPERATING PROFIT BEFORE TAX (INCLUDING FINANCIAL RESULT)	**124**	**(65)**	**59**
Income tax expense	(39)	19	(20)
PROFIT FROM CONTINUING OPERATIONS	**85**	**(46)**	**39**
Net profit or Loss from discontinued operations	(0)	46	46
NET PROFIT OR LOSS	**84**	**(0)**	**84**
Net Profit, Group Share from continuing operations	75	(44)	30
Net Profit or Loss, Group Share from discontinued operations	(0)	44	44
Net Profit or Loss, Group Share	**74**	**(0)**	**74**
Net Profit, Minority interests from continuing operations	10	(1)	9
Net Profit or Loss, Minority interests from discontinued operations	-	1	1
Net Profit, Minority interests	10	0	10

Weighted average number of shares outstanding (in thousands)	235,931	-	235,931
EARNINGS PER SHARE (in €)	**0.16**	**-**	**0.16**
Diluted earnings per share (in €)	0.16	-	0.16

20.2. Restated consolidated statement of comprehensive income

In millions of euros	1st semester 2016		
	Reported	IFRS 5	Restated
NET PROFIT OR LOSS	**84**	**-**	**84**
Currency translation adjustment	(71)	16	(55)
Effective portion of gains and losses on hedging instruments in a cash flow hedge	(12)	-	(12)
Change in fair value resulting from available-for-sale financial assets	(12)	-	(12)
Other comprehensive income arising from discontinued operations	-	(16)	(16)
Comprehensive income that will be reclassified subsequently to profit or loss	***(95)***	**-**	***(95)***
Actuarial gains and losses on defined benefit plans	(9)	11	2
Other comprehensive income arising from discontinued operations	-	(11)	(11)
Comprehensive income that will not be reclassified to profit or loss	***(9)***	**-**	***(9)***
Comprehensive income, net of tax	**(104)**	**-**	**(104)**
TOTAL PROFIT OR LOSS	**(19)**	**-**	**(19)**
Profit or loss, Group share	**(18)**	**-**	**(18)**
Profit or loss, Minority interests	**(1)**	**-**	**(1)**

20.3. Restated Cash Flow Statement

In millions of euros	1st semester 2016		
	Reported	IFRS 5 impacts	Restated
+ EBITDA	405	(218)	187
+ Cost of net debt (*)	(38)	3	(35)
+ Income tax expense	(77)	28	(49)
- Non cash revenue and expense included in EBITDA	13	(3)	10
- Elimination of provision movements included in net financial expense and non-recurring taxes	15	(11)	4
+ Dividends received from associates	3	(1)	2
+ Impact of discontinued operations	(1)	202	202
= Funds from operations excluding non-recurring transactions	**320**	-	**320**
+ Decrease (increase) in operating working capital	(88)	97	9
+ Impact of discontinued operations	0	(97)	(97)
= Net cash from operating activities	**232**	-	**232**
+ Cash received (paid) on non-recurring transactions (included restructuring costs and non-recurring taxes) (*)	(140)	20	(120)
+ Impact of discontinued operations	-	(20)	(20)
= Net cash from operating activities including non-recurring transactions (A)	**92**	-	**92**
- Renovation and maintenance expenditure	(97)	57	(40)
- Development expenditure	(729)	330	(399)
+ Proceeds from disposals of assets	231	(140)	91
+ Impact of discontinued operations	1	(248)	(247)
= Net cash used in investments / divestments (B)	**(595)**	-	**(595)**
+ Proceeds from issue of share capital	6	-	6
- Capital reduction	-		
- Dividends paid	(177)	1	(176)
- Hybrid capital dividend payment	(37)	0	(37)
- Repayment of long-term debt	(9)	1	(8)
- Payment of finance lease liabilities	-	-	-
+ New long term debt	113	(20)	93
= Increase (decrease) in long-term debt	**104**	**(19)**	**85**
+ Increase (decrease) in short-term debt	(91)	49	(42)
+ Impact of discontinued operations	-	(31)	(31)
= Net cash from financing activities (C)	**(196)**	-	**(196)**
+ Effect of changes in exchange rates (D)	20	1	21
= Net change in cash and cash equivalents (E) = (A) + (B) + (C) + (D)	**(680)**	1	**(680)**

- Cash and cash equivalents at beginning of period	2,944	-	2,944
- Effect of changes in fair value of cash and cash equivalents	(23)	-	(23)
- Cash and cash equivalents reclassified at end of period in "Assets held for sale"		-	-
- Net change in cash and cash equivalents for discontinued operations	1	-	1
+ Cash and cash equivalents at end of period	2,242	-	2,242
= Net change in cash and cash equivalents	**(680)**	-	**(680)**

Auditors’ Report on the Interim Financial Information

ERNST & YOUNG et Autres
1/2, place des Saisons
92400 Courbevoie - Paris-La Défense

DELOITTE & ASSOCIES
185, avenue Charles-de-Gaulle
92524 Neuilly-sur-Seine Cedex

ACCOR

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

STATUTORY AUDITORS' REVIEW REPORT ON THE 2017 HALF-YEAR FINANCIAL INFORMATION

(Six months ended June 30, 2017)

This is a free translation into English of the Statutory Auditors' review report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your Shareholders' Annual General Meeting and in accordance with the requirements of article L. 451-1-2 III of the French Monetary and Financial Code (*"Code monétaire et financier"*), we hereby report to you on:

- the review of the accompanying condensed half-year consolidated financial statements of Accor, for the six months ended June 30, 2017 ;

- the verification of the information contained in the half-year management report.

These condensed half-year consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

1. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of half-year financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-year consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 - standard of the IFRSs as adopted by the European Union applicable to interim financial information.

2. Specific verification

We have also verified the information given in the half-year management report on the condensed half-year consolidated financial statements subject to our review.

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

Paris-La Défense and Neuilly-sur-Seine, July 26, 2017

The Statutory Auditors

French original signed by

ERNST & YOUNG et Autres

Jacques PIERRES

DELOITTE & ASSOCIES

David DUPONT-NOEL Guillaume CRUNELLE

Statement by the Person Responsible for the Interim Financial Report

Statement by the Person Responsible for the 2017 Interim Financial Report

I hereby declare that, having taken all reasonable care to ensure that such is the case, the information contained in this interim financial report is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect its import.

I hereby declare that, to the best of my knowledge, the interim consolidated financial statements have been prepared in accordance with the applicable accounting principles and give a true and fair view of the assets, liabilities, financial position and results of the Company and all of the entities within the scope of consolidation taken as a whole and that the interim management report includes a fair review of the material events that occurred in the first six months of the financial year, their impact on the financial statements and the main related-party transactions, and a description of the principal risks and uncertainties for the remaining six months of the year.

Paris - July 27, 2017

Sébastien Bazin
Chairman and Chief Executive Officer

ACCOR HOTELS

Feel Welcome