ACCORHOTELS
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2015 Interim Financial Report

July 2015

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Interim Management Report

INTERIM MANAGEMENT REPORT

1. 2015 interim consolidated results

In € million	H1 2014 Restated(1)	H1 2015	Change (as reported)(1)	Change (LFL)
Revenue	2,593	2,726	5.1%	4.1%
EBITDAR(3)	**800**	**837**	**4.5%**	**2.7%**
EBITDAR margin	*30.9%*	*30.7%*	*-0.2 pt*	*-0.4 pt*
EBIT	**212**	**263**	**23.8%**	**8.0%**
Operating profit before tax and non-recurring items and non-recurring items	185	239	-	-
Net profit before profit/(loss) from discontinued operations	**56**	**91**	**-**	**-**
Profit/(loss) from discontinued operations	(2)	(1)	-	-
Net profit, Group share	**54**	**91**	**-**	**-**

(1) Includes the retrospective impact of IFRIC 21.
(2) Like-for-like: at constant scope of consolidation and exchange rates.
(3) Earnings before interest, taxes, depreciation, amortization and rental expense.

1.1. Consolidated revenue

Consolidated first-half 2015 **revenue** amounted to €2,726 million, up 4.1% year-on-year at constant scope of consolidation and exchange rates (up 5.1% as reported) thanks to strong business in most of the Group's key markets: Mediterranean, Middle East, Africa (MMEA, +6.8%), Asia-Pacific (+6.3%) and Northern, Central and Eastern Europe (NCEE, +6.2%).

France reported a moderate increase of 1.9%, reflecting slower business in the Midscale segment in the second quarter. Business was contrasted in the greater Paris area. On the other hand, regional cities achieved dynamic growth.

The Americas reported a contraction in revenue (-2.1%) due to the challenging economic conditions prevailing in Brazil. The comparatives were also very demanding, given that the World Cup was held there in the summer of 2014.

First-half 2015 revenue

In €million	H1 2014	H1 2015	Change (as reported)	Change (LFL)
HotelServices	582	632	8.7%	6.4%
HotelInvest	2,286	2,373	3.8%	3.5%
Holding & Intercos	(275)	(279)	(1.6%)	(4.4%)
Total	**2,593**	**2,726**	**5.1%**	**4.1%**

At constant scope of consolidation and exchange rates (like-for-like), first-half 2015 revenue **rose by 4.1%,** thanks to stronger business in the majority of the Group's key markets.

Reported revenue for the period reflected the following factors:

- Development, which added €24.4 million to revenue and 0.9% to growth, with the opening of 15,014 rooms (99 hotels), of which 95% under management and franchise agreements.
- Disposals, which reduced revenue by €65.4 million and growth by 2.5%.
- A positive currency effect of €68.9 million, which increased growth by 2.7%, resulting mainly from gains against the euro for the British pound (€31.0 million) and the US dollar (€10.2 million).

Second-quarter 2015 revenue

In €million	Q2 2014	Q2 2015	Change (as reported)	Change (LFL)
HotelServices	320	342	7.1%	5.4%
HotelInvest	1,294	1,318	1.8%	2.5%
Holding & Intercos	(156)	(158)	(1.9%)	(4.8%)
Total	**1,458**	**1,502**	**3.0%**	**2.9%**

At constant scope of consolidation and exchange rates (like-for-like), **second-quarter revenue rose by 2.9%**.

Reported revenue for the period reflected the following factors:

- Development, which added €11.7 million to revenue and 0.8% to growth, with the opening of 7,776 rooms (52 hotels).
- Disposals, which reduced revenue by €42.9 million and growth by 2.9%;
- A positive €33.1 million currency effect, which increased reported growth by 2.3%, resulting mainly from gains against the euro for the British pound (€18.2 million) and the US dollar (€5.5 million).

Second-quarter 2015 revenue amounted to €1,502 million, **an increase of 3.0% as reported.**

1.2 Net profit, Group share

Consolidated EBITDAR amounted to €837 million in first half of 2015, up 2.7% like-for-like on the year-earlier period and 4.5% as reported. Stable on a like-for-like basis, the **EBITDAR margin** was 30.7%.

First-half 2015 EBIT rose by 23,8% as reported, and by 8.0% like-for-like to €263 million, from €212 million in the first half of 2014.

Operating profit before tax and non-recurring items amounted to €239 million in the first half of 2015, versus €185 million in the year-earlier period. **Net profit, Group share** rose sharply to €91 million.

Rental expense amounted to €398 million versus €431 million in first-half 2014, due to the transformation of HotelInvest.

Depreciation, amortization and provision expense stood at €176 million for the period.

Net financial expense amounted to €32 million versus €30 million in first-half 2014. Benefiting from the successful issue of €750 million and CHF 150 million in bonds and the €402.3 million bond redemption in 2014, the **cost of debt** declined once again, from 3.11% at end-December 2014 to 2.95% at end-June 2015.

Restructuring costs for first-half 2015 totaled **€5 million** and mainly concerned various reorganization measures.

Gains and losses on the management of hotel properties represented a net loss of **€12 million**.

Asset impairment losses amounted to **€35 million** (of which €33 million concerned property, plant and equipment) compared with the first-half 2014 figure of €25 million.

Income tax expense amounted to **€67 million**, versus €50 million in first-half 2014. The Group's effective tax rate (tax expense at the standard rate as a proportion of operating profit before tax, share of profits and losses of associates and non-recurring items) was 31.5%.

After deducting **minority interests** in the amount of €11 million and the €1 million **net loss from discontinued operations**, **net profit, Group share** amounted to **€91 million**, compared with €54 million the prior-year period.

Net profit, Group share was therefore up by a significant €37 million, based on the weighted average number of shares outstanding during the period (233,450,409), **earnings per share** came to **€0.23** in first-half 2015, versus €0.24 in the prior-year period.

1.3 Financial flows

In € milliion	H1 2014 Restated(1)	H1 2015
Funds from operations	**290**	**367**
Renovation & maintenance capex	(61)	(64)
Recurring expansion capex	(84)	(88)
Recurring free cash-flow	**145**	**215**
Acquisitions	(900)	(29)
Proceeds from disposals	65	80
Dividends	(134)	(170)
Capital increase, net	32	50
Change in w orking capital	(8)	(44)
Hybrid financial instruments & interests(2)	887	(37)
Others	(119)	(24)
Cash-flow from discontinued operations	(1)	(0)
(Increase) / decrease in net debt	**(34)**	**41**

(1) Includes the retrospective impact of IFRIC 21.
(2) Includes the hybrid financial instruments issue for €887million in 2014 and the coupon paid in 2015 for €37 million.

Funds from operations amounted to €367 million in the first half of 2015, versus €290 million in the year-earlier period.

Recurring development expenditure amounted to €88 million in the first half of 2015.

Renovation and maintenance expenditure amounted to €64 million, versus €61 million in the year-earlier period.

1.4 Financial ratios

In the six months to June 30, 2015, **consolidated recurring cash flow** was €215 million, driven chiefly by strong revenue and structurally lower investments in the first half than the second.

Net debt totaled €118 million as of June 30, 2015, a reduction of €41 million during the first half thanks to the €77 million increase in funds from operations excluding non-recurring transactions, as well as asset disposals in the amount of €80 million.

Following the various bond issues carried out in 2014, the Group had a **historically low cost of debt** of 2.95% as of June 30, 2015 versus 3.11% at end-December.

At June 30, 2015, AccorHotels had an unused €1.8 billion **confirmed long-term line of credit**.

There was a slight decrease in **consolidated return on capital employed (ROCE)**, which stood at 14.2% in first-half 2015 compared with 14.4% in the year-earlier period.

1.5 Group development

The development plan is well underway, with **151,841 rooms in the pipeline** at June 30, 2015, of which 90% under management and franchise contracts.

2. Consolidated income by strategic business

At June 30, 2015, hotel owner and investor **HotelInvest** had 1,336 owned and leased hotels, representing almost 185,000 rooms. Some 96% of these hotels are in the Economy and Midscale segments, and 77% are located in France and the Northern, Central and Eastern Europe (NCEE) region.

At June 30, 2015, hotel operator and brand franchiser **HotelServices** had 3,792 hotels and 495,072 rooms operated under franchise agreements and management contracts, as well as a development pipeline of close to 152,000 rooms. This business, which enjoys leadership positions in five continents, represents an annual business volume of €6.2 billion in first-half 2015.

All HotelInvest's hotels are operated by HotelServices under management contracts. In first-half 2015, these hotels generated 41.3% of the fees received by HotelServices.

In € million	HotelServices	HotelInvest	Holding & Intercos	AccorHotels
Revenue	632	2,373	(279)	2,726
EBITDAR	**199**	**674**	(37)	**837**
EBITDAR margin	*31.5%*	*28.4%*	*N/A*	*30.7%*
EBITDA	**186**	**287**	(35)	**439**
EBITDA margin	*29.4%*	*12.1%*	*N/A*	*16.1%*
EBIT	**167**	**133**	(37)	**263**
EBIT margin	*26.3%*	*5.6%*	*N/A*	*9.6%*
H1 2014 EBIT restated(1)	**172**	**77**	(36)	**212**
H1 2014 EBIT margin restated (1)	*29.6%*	*3.4%*	*N/A*	*8.2%*

(1) Includes the retrospective impact of IFRIC 21.

Group's EBIT margin improves strongly at 9.6%, up 1.4 point. The margin of HotelServices declines by 3.3 points, reflecting the ramp-up of the digital plan. Reversely, HotelInvest's EBIT margin improves by 2.2 points, notably as a result of the transformation of its asset portfolio.

2.1 Revenue

Revenue by business and region in H1 2015

In € million	HotelServices Revenues (€m)		Change	HotelInvest Revenues (€m)		Change
	H1 2014	H1 2015	Comp.	H1 2014	H1 2015	LFL
France	159	167	7.3%	786	770	1.0%
NCEE	140	158	8.8%	986	1,079	5.7%
MMEA	60	67	5,0%	195	206	7.4%
Asia-Pacific	147	175	8.5%	127	134	3.7%
Americas	52	52	(2.7%)	192	184	(1.7%)
Worldwide structures	24	14	(4.7%)	0	0	N/A
Total(1)	**582**	**632**	**6.4%**	**2,286**	**2,373**	**3.5%**

(1) Of which €280 million in intra-Group revenue

In first-half 2015, HotelServices and HotelInvest posted **revenues** up 6.4% and 3.5% respectively on a year-on-year basis at constant scope of consolidation and exchange rates. Both businesses made solid gains in NCEE (8.8% and 5.7%), MMEA (5.0% and 7.4%) and Asia Pacific (8.5% and 3.7%). In France, HotelServices' revenue grew by 7.3% whereas HotelInvest, weighed down by the slight 0.1% contraction in second-quarter 2015, only managed a 1.0% rise in revenue in the first six months of the year.

Both businesses recorded declines in the Americas (2.7% and 1.7%) due to the difficult economic situation in Brazil and high prior-year comparatives.

Revenue by business and region in Q2 2015

In € million	HotelServices Revenues (€m)		Change	HotelInvest Revenues (€m)		Change
	Q2 2014	Q2 2015	Comp.	Q2 2014	Q2 2015	LFL
France	92	97	7.9%	457	435	(0.1%)
NCEE	80	90	8.9%	553	603	5.2%
MMEA	32	36	2.9%	114	120	7.4%
Asia-Pacific	73	88	10.1%	66	68	2.3%
Americas	29	27	(6.7%)	104	92	(6.1%)
Worldwide structures	14	5	N/A	0	0	N/A
Total(1)	**320**	**342**	**5.4%**	**1,294**	**1,318**	**2.5%**

(1) Of which €159 million in intra-Group revenue

In second-quarter 2015, HotelServices and HotelInvest posted **revenues** up 5.4% and 2.5% respectively on a year-on-year basis and at constant scope of consolidation and exchange rates. The second quarter was influenced by the same trends as the first quarter, except for the significant deterioration in the Americas region attributable to Brazil, where business levels will continue to decline in the second half. HotelServices enjoyed strong growth in France (+7.9%), while HotelInvest was slightly down by 0.1%.

HotelServices: second-quarter revenue up 5.4% like-for-like[1] to €342 million

HotelServices reported **business volume[2]** of €3.4 billion in the second quarter of 2015, an increase of 1.6% at constant exchange rates, driven by the combined impact of development and growth in RevPAR.

AccorHotels opened 52 hotels or 7,776 rooms during the second quarter, of which 96% under franchise agreements and management contracts. At end-June 2015, the **HotelServices portfolio comprised 3,792 hotels and 495,072 rooms**, of which 29% under franchise agreements and 71% under management contracts, including the HotelInvest portfolio.

On a like-for-like basis, **revenue rose by 5.4% year-on-year**, with strong gains in every geography except the **Americas**, down 6.7%. Elsewhere, HotelServices' revenue enjoyed strong growth in France (+7.9%), in the NCEE region (+8.9%), in the Asia-Pacific (+10.1%), and to a lesser extent in the MMEA region (+2.9% in Q2 after +7.5% in Q1), which was moderately impacted by slower business in Africa, Saudi Arabia and the Gulf countries during Ramadan.

Fees paid by HotelInvest to HotelServices amounted to €150 million in the second quarter, or 44% of HotelServices' revenue for the period.

HotelInvest: second-quarter revenue up 2.5% like-for-like to €1,318 million

At June 30, 2015, the **HotelInvest portfolio** comprised 1,336 hotels, of which 77% in Europe and 96% in the Economy and Midscale segments.

HotelInvest's performance in **France** was stable year-on-year in the second quarter of 2015 (-0.1% on a like-for-like basis), with a decline in business in the Midscale segment (-1.5% in Q2 versus +3.3% in Q1).

Operations in Northern, Central and Eastern Europe (**NCEE**), which account for 46% of HotelInvest's revenue, continued to gain ground (+5.2% like-for-like) thanks to sustained demand in Germany (+5.4%), the United Kingdom (+4.6%), Poland (+8.3%) and the Benelux countries (+4.6%).

The **MMEA** region (+7.4%) remained strong, thanks to the ongoing recovery in Southern European countries, especially Spain (+10.5%) and Italy (+8.0%).

HotelInvest's overall revenue in **Asia Pacific** rose by 2.3% at constant scope of consolidation and exchange rates, although the region continued to be penalized by China (-2.4% in Q2, after -5.2% in Q1).

Last, the **Americas** recorded a decline of 6.1% year-on-year due to demanding comparatives in Brazil (-11.0%), linked to the football World Cup in 2014.

[1] For HotelServices, like-for-like revenue includes development-related fees, at constant exchange rates.
[2] Business volume corresponds to revenue from owned, leased and managed hotels and to room revenue from franchised hotels. Change is as reported, excluding the currency effect.

2.2 First-half EBIT by region and business

	HotelServices		HotelInvest		AccorHotels		
In € million	H1 2014 restated(1)	**H1 2015**	H1 2014 restated(1)	**H1 2015**	H1 2014 restated(1)	**H1 2015**	**Change LFL**
France	58	53	15	15	73	68	(7.5%)
NCEE	47	55	46	93	93	149	31.4%
MMEA	20	21	(8)	1	11	22	72.8%
Asia-Pacific	21	26	(2)	(0)	19	26	27.9%
Americas	15	10	7	4	22	15	(48.5%)
Worldwide structures	11	1	19	20	(6)	(15)	NA
Total	**172**	**167**	**77**	**133**	**212**	**263**	**8.0%**

(1) Includes the retrospective impact of IFRIC 21.

AccorHotels recorded very satisfactory growth in a majority of markets, including double digit increases in the NCEE, MMEA and Asia Pacific regions.

The NCEE region delivered a stellar performance (+31.4% like-for-like), driven in particular by robust business in the United Kingdom, Germany, Poland and the Benelux countries. EBIT decreased in France (-7.5%) and in the Americas (-48.5%), in line with contrasted business levels.

3. Analysis of results by strategic business

3.1 HotelServices

3.1.1. Analysis of HotelServices' results

HotelServices' EBITDA edged down to €186 million (-0.6% like-for-like). EBITDA margin excluding the Sales & Marketing Fund and loyalty program reached 48.4% over the semester, vs. 47.1% in H1 204.

At the same time, the division's results were impacted as expected by the implementation of the digital plan and the related operating expenses. Against this backdrop, **HotelServices** recorded EBIT of €167 million, a decline of 2.4% like-for-like. The EBIT margin narrowed accordingly to 26.3%, contracting by 3.3 points.

HotelServices detailed results – first-half 2015

In €million	H1 2014 Restated (1)	H1 2015
Business volume	€5.7 bn	€6.2 bn
Revenue	582	632
EBITDA	**188**	**186**
EBITDA margin	*32.2%*	*29.4%*
Margin excluding Sales & Marketing Fund and loyalty program	*47.1%*	*48.4%*
EBIT	**172**	**167**
EBIT margin	*29.6%*	*26.3%*

(1) Includes the retrospective impact of IFRIC 21.

Against this backdrop, **HotelServices** recorded **EBIT** of €167 million, a decline of 2.4% like-for-like that caused the EBIT margin to contract by 3.3 points.

3.1.2. HotelServices cash-flow

In €million	H1 2014 Restated (1)	H1 2015
EBITDA	**188**	**186**
Systems Capex	(13)	(15)
Development Capex	(15)	(17)
EBITDA - CAPEX	**160**	**154**
% EBITDA	*85.1%*	*83.1%*

(1) Includes the retrospective impact of IFRIC 21.

HotelServices' cash flow decreased by two points, weighed down by the initial digital investments made in the first half. These investments will increase in the second half of the year in line with the 2015 target.

3.1.3. HotelServices P&L performance in first-half 2015

Similarly, the Sales, Marketing & Digital Division's **EBIT margin** was impacted by the digital investments in the first half, narrowing by 9.8%. This trend is expected to continue as investments rise in the second half.

In €million	Managed & Franchised	Sales, Marketing & Digital	Other activities	Hotel Services
Revenue	**331**	**213**	**88**	**632**
EBITDAR	**181**	**(9)**	**27**	**199**
EBITDAR margin	*54.7%*	*(4.4%)*	*30.9%*	*31.5%*
EBITDA	**177**	**(14)**	**23**	**186**
EBITDA margin	*53.5%*	*(6.7%)*	*26.2%*	*29.4%*
EBIT	**169**	**(21)**	**18**	**167**
EBIT margin	*51.1%*	*(9.8%)*	*20.7%*	*26.3%*
H1 2014 EBITDA margin restated (1)	*53.4%*	*2.1%*	*14.7%*	*32.2%*

(1) Includes the retrospective impact of IFRIC 21.

3.2. HotelInvest

3.2.1. Analysis of HotelInvest's results

HotelInvest's EBITDAR improved by 3.8% like-for-like to €674 million.

HotelInvest detailed results – first-half 2015

In €million	H1 2014 Restated (1)	H1 2015
Revenue	2,286	2,373
EBITDAR	**636**	**674**
EBITDAR margin	*27.8%*	*28.4%*
EBITDA	**216**	**287**
EBITDA margin	*9.4%*	*12.1%*
EBIT	**77**	**133**
EBIT margin	*3.4%*	*5.6%*

(1) Includes the retrospective impact of IFRIC 21.

HotelInvest's EBIT increased by 31.2% like-for-like to €133 million, putting the margin at 5.6%, an improvement of 2.2 points compared with the year-earlier period. The increase is attributable to sustained hotel business in the first half, notably in the United Kingdom and the Benelux countries, but also to the dynamic management of the Group's assets, virtuous in terms of revenue, earnings and value creation for the Group.

3.2.2. HotelInvest cash flow

In €million	H1 2014 Restated (1)	H1 2015
EBITDA	**216**	**287**
Renovation & maintenance Capex	*(46)*	*(47)*
NOI (EBITDA - maintenance Capex)	**170**	**240**
% EBITDA	*78.7%*	*83.7%*
Development Capex	*(89)*	*(72)*
EBITDA - CAPEX	**81**	**168**
% EBITDA	*37.5%*	*58.7%*

(1) Includes the retrospective impact of IFRIC 21.

HotelInvest's EBITDA grew by €71 million, boosting EBITDA margin by 2.7 points. **Net operating profit** rose €70 million, lifting the **EBITDA margin** 5 points from 78.7% to 83.7%.

3.2.3. HotelInvest P&L performance in first-half 2015

In €million	Owned	Fixed lease	Var. lease	Others	Total
Number of hotels	**367**	**322**	**647**		**1,336**
Revenue	**631**	**639**	**1,074**	**29**	**2,373**
EBITDAR	**167**	**203**	**301**	**3**	**674**
EBITDAR margin	*26.5%*	*318%*	*28,0%*	*9.9%*	*28.4%*
Rents	(7)	(159)	(220)	N/A	(387)
Depreciations & Amort.	(75)	(28)	(42)	(9)	(154)
EBIT	**85**	**16**	**39**	**(7)**	**133**
EBIT margin	*13.5%*	*2.6%*	*3.6%*	*(24.8%)*	*5.6%*
H1 2014 EBIT margin (1)	*8.3%*	*0.7%*	*3.9%*		*3.4%*

(1) Includes the retrospective impact of IFRIC 21.

3.2.4. Changes in HotelInvest's asset portfolio

A total of 30 hotels were restructured in the first half of 2015, including 16 leased hotels and 14 owned properties. These transactions had the effect of reducing adjusted net debt by €96 million.

Moreover, the Group has secured the sale to Event Hotels of 29 additional hotels in Germany and the Netherlands. This transaction will be finalized during the third quarter of 2015.

3.2.5. Gross asset value

HotelInvest's gross asset value was **€6.7 billion** at the end of June 2015, vs. €6.3 billion at end December, 2014. The incremental €400 million are linked to activity (+€300 million) and exchange rates (+€100 million). Effects from disposals (-€100 million) were offset by expansion (+€100 million).

HotelInvest's rolling 12-month EBITDA was **€644 million**. In relation to gross asset value, this EBITDA resulted in a broadly stable return on investment (ROI) of 9.6% for the HotelInvest assets.

4. Outlook for the second half of 2015

4.1. Summer season business trends

Business volumes recorded during the first two weeks of July were in line with the trends observed by region since the beginning of the year.

4.2. Full-year 2015 EBIT target

During the coming six months, the Group expects a continuation of the trends observed during the first half, with sustained growth in most markets, a more mixed environment in France and a challenging situation in Brazil. The Group's performance will continue to be driven by the implementation of its strategy, including the benefits of the ongoing restructuring of the HotelInvest assets and the expenditure stemming from the digital plan. On the basis of these factors, the Group expects full-year 2015 EBIT to amount to between €650 million and €680 million.

5. Hotel portfolio and pipeline at June 30, 2015

The Group is pursuing its development plan in line with its strategy.
In first-half 2015, the Group added 99 hotels (15,014 rooms) to its portfolio through acquisitions and organic growth. In addition, 24 hotels (3,158 rooms) were closed during the period.

5.1. Hotel portfolio by segment and operating structure

June 30,2015	Managed		Franchised		HotelInvest (owned & leased)		Total	
	Nb Hotels	*Nb Rooms*	*Nb Hotels*	*Nb Rooms*	*Nb Hotels*	*Nb Rooms*	*Nb Hotels*	*Nb Rooms*
Luxury and Upscale Hotels	217	53 494	83	10 652	56	11 201	356	75 347
Midscale Hotels	367	67 085	458	47 577	405	67 134	1 230	181 796
Economy Hotels	276	44 714	1 027	83 358	872	105 769	2 175	233 841
No brand	26	3 502	2	108	3	478	31	4 088
Total	**886**	**168 795**	**1 570**	**141 695**	**1 336**	**184 582**	**3 792**	**495 072**
Total in %	***23,4%***	***34,1%***	***41,4%***	***28,6%***	***35,2%***	***37,3%***	***100,0%***	***100,0%***

5.2. Hotel portfolio by region and operating structure

June 30,2015	Managed		Franchised		HotelInvest (owned & leased)		Total	
	Nb Hotels	*Nb Rooms*	*Nb Hotels*	*Nb Rooms*	*Nb Hotels*	*Nb Rooms*	*Nb Hotels*	*Nb Rooms*
France	108	13 272	971	72 052	509	57 739	1 588	143 063
Europe (excluding France et Méditerranean)	105	14 956	277	31 009	523	79 579	905	125 544
Méditerranean, Middle, Africa	125	25 416	92	9 993	145	19 944	362	55 353
Asia Pacific	417	92 475	166	20 680	64	9 905	647	123 060
Americas	131	22 676	64	7 961	95	17 415	290	48 052
Total	**886**	**168 795**	**1 570**	**141 695**	**1 336**	**184 582**	**3 792**	**495 072**
Total in %	***23,4%***	***34,1%***	***41,4%***	***28,6%***	***35,2%***	***37,3%***	***100,0%***	***100,0%***

5.3. Hotel portfolio by region and segment

In number of hotels	France	Europe (excluding France et Méditerranean)	Méditerranean, Middle, Africa	Asia Pacific	Americas	Total
Luxury and Upscale Hotels	44	40	60	184	28	356
Midscale Hotels	401	395	130	201	103	1 230
Economy Hotels	1 142	466	169	240	158	2 175
No brand	1	4	3	22	1	31
Total	**1 588**	**905**	**362**	**647**	**290**	**3 792**
Total in %	***41,9%***	***23,9%***	***9,5%***	***17,1%***	***7,6%***	***100,0%***

In number of rooms	France	Europe (excluding France et Méditerranean)	Méditerranean, Middle, Africa	Asia Pacific	Americas	Total
Luxury and Upscale Hotels	6 387	9 023	13 154	40 165	6 618	75 347
Midscale Hotels	44 778	58 942	20 462	41 541	16 073	181 796
Economy Hotels	91 847	57 060	21 361	38 597	24 976	233 841
No brand	51	519	376	2 757	385	4 088
Total	**143 063**	**125 544**	**55 353**	**123 060**	**48 052**	**495 072**
Total in %	***28,9%***	***25,4%***	***11,2%***	***24,9%***	***9,7%***	***100,0%***

5.4. Hotel pipeline

The number of new rooms in the pipeline represented by ownership at June 30, 2015 and scheduled to be completed in the next four years is as follows:

In number of rooms	Managed	Franchised	HotelInvest (owned & leased)	Total
Total	108 327	28 140	15 374	151 841

6. First-half 2015 highlights

Sale and management-back of the Zurich MGallery

On February 18, 2015, Accor announced the sale and management-back of the Zurich MGallery to a private investor, already an Accor franchisee, for a total of €55 million. This amount breaks down as a sale price of €32 million and a commitment from the buyer to carry out €23 million worth of renovations.

Establishment of a sponsored Level 1 American Depositary Receipt (ADR) program

Accor announced its decision to establish a sponsored Level 1 American Depositary Receipt (ADR) program to enable US investors to hold Accor shares indirectly and to trade them in the US over-the-counter (OTC) market.

Appointment of Arantxa Balson as Chief Human Resources Officer

On April 2, 2015, Accor announced the appointment of **Arantxa Balson,** who joined the Group on May 4, 2015, as Chief Human Resources Officer. Under her leadership, the Human Resources Department was recently renamed “Culture and Talents”. She is a member of the Group’s Executive Committee.

Acquisition of FastBooking

On April 17, 2015, Accor announced the takeover of FastBooking, a digital services provider for the hotel industry. FastBooking provides innovative solutions to increase the performance and visibility of 4,000 independent client hotels (website development, distribution channel management solutions, digital marketing campaign management, revenue management optimization tools and competitive intelligence). This expertise will enable AccorHotels to broaden the range of services it can offer its hotels.

Sale and franchise-back of 29 hotels in Germany and the Netherlands

On April 29, 2015, Accor announced the sale and franchise-back of 29 hotels (3,354 rooms) in Germany and the Netherlands for €234 million. The transaction will be finalized in the second half of 2015.

Sale and franchise-back of seven hotels in the United Kingdom and Ireland

On May 21, 2015, Accor announced the sale and franchise-back of 7 hotels (708 rooms) in the United Kingdom and Ireland for €38 million. Six of the 7 hotels were sold in June 2015. The Ibis Dublin will be sold in the second half of the year.

Accor becomes AccorHotels

On June 3, 2015, Accor became AccorHotels to more clearly identify itself as a hotel operator. The aim is to increase the clout and visibility of AccorHotels, which is both a corporate and commercial brand, by connecting it to its digital platform, AccorHotels.com. It also intends to place the brand at the center of its ecosystem of hotel brands. The Group has also asserted its unifying spirit with its new promise, “Feel Welcome,” which encapsulates the generosity and very essence of hospitality.

... and asserts its unifying spirit with its AccorHotels.com marketplace

On June 3, 2015, AccorHotels announced its determination to accelerate its digital transformation by transforming its AccorHotels.com distribution platform into a marketplace open to a selection of independent hotels alongside the Group’s portfolio of hotel brands, with a dedicated AccorHotels mobile application.

Appointment of Sophie Stabile as Chief Executive Officer, HotelServices France, and Jean-Jacques Morin as Chief Financial Officer

On June 15, 2015, AccorHotels announced the appointment of **Sophie Stabile,** member of the Group’s Executive Committee, as Chief Executive Officer, HotelServices France. She succeeds **Christophe Alaux**, who has been appointed Chief Executive Officer, HotelServices North & Central America, and will be replaced by **Jean-Jacques Morin**, currently Chief Financial Officer (CFO) at Alstom, who will join the Group as CFO on October 1, 2015 and will be a member of the Group’s Executive Committee.

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 2014 Registration Document under "Risk Factors".

8. Main related-party transactions

The main related-party transactions are presented in detail in Note 24 to the interim consolidated financial statements.

9. Subsequent events

Post-balance sheet events are presented in Note 25 to the interim consolidated financial statements.

2015 Interim Consolidated Financial Statements

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND NOTES

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

Consolidated Income Statements

In millions of euros	Notes	June 2014 (*)	June 2015
CONSOLIDATED REVENUE	4	**2,593**	**2,726**
Operating expense	5	(1,793)	(1,890)
EBITDAR	4	**800**	**837**
Rental expense	6	(431)	(398)
EBITDA	4	**370**	**439**
Depreciation, amortization and provision expense		(157)	(176)
EBIT	4	**212**	**263**
Net financial expense	7	(30)	(32)
Share of profit of associates after tax		3	8
OPERATING PROFIT BEFORE TAX AND NON RECURRING ITEMS		**185**	**239**
Restructuring costs	9	(6)	(5)
Impairment losses	8	(25)	(35)
Gains and losses on management of hotel properties	10	12	(12)
Gains and losses on management of other assets	10	(53)	(19)
OPERATING PROFIT BEFORE TAX		**113**	**169**
Income tax expense	11	(50)	(67)
PROFIT FROM CONTINUING OPERATIONS		**63**	**102**
Net profit or Loss from discontinued operations		(2)	(1)
NET PROFIT OR LOSS		**61**	**101**
Net Profit, Group Share from continuing operations		56	91
Net Profit or Loss, Group Share from discontinued operations		(2)	(1)
Net Profit or Loss, Group Share		**54**	**91**
Net Profit, Minority interests from continuing operations		7	11
Net Profit or Loss, Minority interests from discontinued operations		-	-
Net Profit, Minority interests		7	11

Weighted average number of shares outstanding (in thousands)	16	228,952	233,450
EARNINGS PER SHARE (in €)		**0.24**	**0.23**
Diluted earnings per share (in €)	16	0.23	0.23

Earnings per share from continuing operations (in €)		**0.24**	**0.23**
Diluted earnings per share from continuing operations (in €)		**0.24**	**0.23**

Earnings per share from discontinued operations (in €)		**(0.01)**	**(0.00)**
Diluted earnings per share from discontinued operations (in €)		**(0.01)**	**(0.00)**

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

Statement of profit or loss and other comprehensive income

In millions of euros	June 2014 (*)	June 2015
NET PROFIT OR LOSS	**61**	**101**
Currency translation adjustment	58	84
Effective portion of gains and losses on hedging instruments in a cash flow hedge	0	0
Change in fair value resulting from "Available-for-sale financial assets"	-	5
Other comprehensive income that will be reclassified subsequently to profit or loss	***58***	***90***
Actuarial gains and losses on defined benefit plans, net of deferred taxes	(8)	(6)
Other comprehensive income that will never be reclassified subsequently to profit or loss	***(8)***	***(6)***
Other comprehensive income, net of tax	**50**	**84**
TOTAL PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	**111**	**185**
Profit or loss and other comprehensive income, Group share	**103**	**171**
Profit or loss and other comprehensive income, Minority interests	8	14

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

Statements of financial position

Assets

Assets In millions of euros	Notes	Dec. 2014 (*)	June 2015
GOODWILL	12	**701**	**704**
INTANGIBLE ASSETS	13	**283**	**288**
PROPERTY, PLANT AND EQUIPMENT	14	**3,157**	**3,107**
Long-term loans		133	112
Investments in associates	15	324	350
Other financial investments		129	160
TOTAL NON-CURRENT FINANCIAL ASSETS		**586**	**624**
Deferred tax assets		66	71
TOTAL NON-CURRENT ASSETS		**4,794**	**4,793**
Inventories	21	28	33
Trade receivables	21	417	483
Other receivables and accruals	21	461	451
Receivables on disposals of assets	17	14	12
Short-term loans	17	16	34
Cash and cash equivalents	17	2,677	2,807
TOTAL CURRENT ASSETS		**3,614**	**3,820**
Assets held for sale	18	347	315
TOTAL ASSETS		**8,754**	**8,928**

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

Equity and Liabilities

EQUITY AND LIABILITIES In millions of euros	Notes	Dec. 2014 (*)	June 2015
Share capital		696	706
Additional paid-in capital and reserves		1,852	2,038
Net profit or loss, Group share		223	91
Ordinary Shareholders' Equity, Group Share		**2,770**	**2,834**
Hybrid capital		887	850
SHAREHOLDERS' EQUITY, GROUP SHARE		**3,657**	**3,684**
Minority interests		213	217
TOTAL SHAREHOLDERS' EQUITY AND MINORITY INTERESTS	16	**3,869**	**3,901**
Other long-term financial debt	17	2,722	2,832
Long-term finance lease liabilities	17	62	55
Deferred tax liabilities		41	39
Non-current provisions	19	133	145
TOTAL NON-CURRENT LIABILITIES		**2,957**	**3,071**
Trade payables	21	690	666
Other payables and income tax payable	21	963	1,020
Current provisions	19	172	165
Short-term debt and finance lease liabilities	17	82	63
Bank overdrafts and liability derivatives	17	0	20
TOTAL CURRENT LIABILITIES		**1,907**	**1,934**
Liabilities associated with assets classified as held for sale	18	20	22
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**8,754**	**8,928**

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

Consolidated Cash Flow Statement

	In millions of euros	Notes	June 2014 (*)	June 2015
+	EBITDA	4	370	439
+	Net financial expense	7	(30)	(32)
+	Income tax expense		(73)	(73)
-	Non cash revenue and expense included in EBITDA		5	6
-	Elimination of provision movements included in net financial expense and non-recurring taxes		12	18
+	Dividends received from associates		6	9
+	Impact of discontinued operations		(1)	(1)
=	**Funds from operations excluding non-recurring transactions**	20	**289**	**366**
+	Decrease (increase) in operating working capital	21	(8)	(44)
+	Impact of discontinued operations	21	6	-
=	**Net cash from operating activities**		**286**	**322**
+	Cash received (paid) on non-recurring transactions (included restructuring costs and non-recurring taxes)		(133)	(38)
+	Impact of discontinued operations		-	-
=	**Net cash from operating activities including non-recurring transactions (A)**		**153**	**285**
-	Renovation and maintenance expenditure	22	(61)	(64)
-	Development expenditure	22	(984)	(118)
+	Proceeds from disposals of assets		65	80
+	Impact of discontinued operations		-	1
=	**Net cash used in investments / divestments (B)**		**(981)**	**(102)**
+	Proceeds from issue of share capital		32	50
-	Dividends paid		(134)	(170)
+	Issue of hybrid capital		887	-
-	Hybrid capital dividend payment		-	(37)
-	Repayment of long-term debt		(15)	(19)
-	Payment of finance lease liabilities		-	(6)
+	New long term debt		880	131
=	**Increase (decrease) in long-term debt**		**865**	**106**
+	Increase (decrease) in short-term debt		(448)	(35)
+	Impact of discontinued operations		1	-
=	**Net cash from financing activities (C)**		**1,203**	**(86)**
+	Effect of changes in exchange rates (D)		19	12
=	**Net change in cash and cash equivalents (E) = (A) + (B) + (C) + (D)**		**394**	**109**

-	Cash and cash equivalents at beginning of period		1,896	2,677
-	Effect of changes in fair value of cash and cash equivalents		-	-
-	Net change in cash and cash equivalents for discontinued operations		(5)	1
+	Cash and cash equivalents at end of period		2,285	2,787
=	**Net change in cash and cash equivalents**		**394**	**109**

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

Changes in Consolidated Shareholders' Equity

In millions of euros	Number of shares outstanding	Share capital	Additional paid-in capital	Currency translation reserve	Fair value adjustments on Financial Instruments reserve	Reserve for actuarial gains/losses	Reserve related to employee benefits	Retained earnings and profit for the period	Shareholders' Equity	Minority interests	Consolidated shareholders' Equity
At January 1, 2014	**228,053,102**	**684**	**1,129**	**(123)**	**(4)**	**(48)**	**162**	**737**	**2,538**	**214**	**2,752**
Changes in accounting policies (*)	-	-	-	-	-	-	-	3	**3**	-	**3**
At January 1, 2014 (*)	**228,053,102**	**684**	**1,129**	**(123)**	**(4)**	**(48)**	**162**	**740**	**2,541**	**214**	**2,754**
Issue of share capital											
- Performance share grants	**203,015**	1	-	-	-	-	-	(1)	-	-	-
- On exercise of stock options	**1,208,855**	4	29	-	-	-	-	-	**33**	**(1)**	**32**
- Cancellation of treasury stock	-	-	0	-	-	-	-	-	**0**	-	**0**
Issue of hybrid capital	-	-	-	-	-	-	-	887	**887**	-	**887**
Hybrid capital dividend payment	-	-	-	-	-	-	-	-	-	-	-
Dividends paid in cash	**1,895,293**	6	54	-	-	-	-	(183)	**(123)**	**(11)**	**(134)**
Changes in reserve related to employee benefits	-	-	-	-	-	-	4	-	**4**	-	**4**
Effects of scope changes	-	-	-	-	-	(0)	-	0	**(0)**	**(1)**	**(1)**
Other Comprehensive Income	-	**-**	**(76)**	**57**	**0**	**(8)**	**-**	**76**	**49**	**1**	**50**
Net Profit or Loss	-	-	-	-	-	-	-	54	**54**	**7**	**61**
Total Profit or Loss and other comprehensive income	-	**-**	**(76)**	**57**	**0**	**(8)**	**-**	**130**	**103**	**8**	**111**
At June 30, 2014(*)	**231,360,265**	**694**	**1,137**	**(66)**	**(3)**	**(56)**	**166**	**1,573**	**3,445**	**209**	**3,654**
Issue of share capital											
- Performance share grants	-	**-**	**-**	**-**	**-**	**-**	**-**	-	-	-	-
- On exercise of stock options	**476,134**	**1**	**12**	**-**	**-**	**-**	**-**	-	**13**	**0**	**14**
- Cancellation of treasury stock	-	-	0	-	-	-	-	-	**0**	-	**0**
Issue of hybrid capital	-	-	-	-	-	-	-	(0)	**(0)**	-	**(0)**
Hybrid capital dividend payment	-	-	-	-	-	-	-	-	-	-	-
Dividends paid in cash	-	-	-	-	-	-	-	(0)	**(0)**	**(2)**	**(3)**
Changes in reserve related to employee benefits	-	-	-	-	-	-	6	-	**6**	-	**6**
Effects of scope changes	-	-	-	-	-	1	-	0	**1**	**1**	**2**
Other Comprehensive Income	-	**-**	**-**	**29**	**(2)**	**(3)**	**-**	**(1)**	**23**	**(4)**	**19**
Net Profit or Loss	-	-	-	-	-	-	-	169	**169**	**10**	**178**
Total Profit or Loss and other comprehensive income	-	**-**	**-**	**29**	**(2)**	**(3)**	**-**	**168**	**192**	**5**	**198**
December 31, 2014(*)	**231,836,399**	**696**	**1,149**	**(37)**	**(5)**	**(59)**	**172**	**1,741**	**3,657**	**213**	**3,869**
Issue of share capital											
- Performance share grants	**233,245**	1	-	-	-	-	-	(1)	-	-	-
- On exercise of stock options	**1,832,194**	5	45	-	-	-	-	-	**50**	**0**	**50**
- Cancellation of treasury stock	-	-	0	-	-	-	-	-	**0**	-	**0**
Hybrid capital dividend payment	-	-	-	-	-	-	-	(37)	**(37)**	-	**(37)**
Dividends paid in cash	**1,369,477**	4	59	-	-	-	-	(222)	**(159)**	**(11)**	**(170)**
Changes in reserve related to employee benefits	-	-	-	-	-	-	6	-	**6**	-	**6**
Effects of scope changes	-	-	-	-	-	0	-	(4)	**(4)**	**1**	**(3)**
Other Comprehensive Income	-	**-**	**0**	**81**	**6**	**(6)**	**-**	**(0)**	**81**	**3**	**84**
Net Profit or Loss	-	-	-	-	-	-	-	91	**91**	**11**	**101**
Total Profit or Loss and other comprehensive income	-	**-**	**0**	**81**	**6**	**(6)**	**-**	**90**	**171**	**14**	**185**
At June 30, 2015	**235,271,315**	**706**	**1,254**	**44**	**0**	**(64)**	**177**	**1,567**	**3,684**	**217**	**3,901**

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

Notes to the Consolidated Financial Statements

Notes to the Consolidated Financial Statements

The condensed consolidated financial statements at June 30, 2015 have been prepared under the responsibility of AccorHotels' Chairman and Chief Executive Officer. They were approved by the Board of Directors of July 29, 2015. The Accor Group has changed its trade name to AccorHotels but its legal company name remains unchanged. Accor SA continues to be the parent company of the Group.

Note 1. Management Ratios

	Note	Dec. 2014 (*)	June 2015 (*)
Gearing	(a)	4.1%	3.0%
Adjusted Funds from Ordinary Activities / Adjusted Net Debt	(b)	34.2%	35.3%
Return On Capital Employed	(c)	14.6%	14.2%

(*) Based on continuing operations: i.e. excluding the Onboard Train Services business reclassified as a discontinued operation.

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

Note (b): Adjusted Funds from Ordinary Activities / Adjusted Net Debt is calculated as follows, corresponding to the method used by the main rating agencies:

	Note	Dec. 2014 (*)	June 2015 (*)
Net debt at end of the period		**159**	**118**
Restatement of perpetual subordinated notes	(1)	443	443
Restatement of the debt of sold and acquired businesses prorated over the period	(2)	(160)	(30)
Average net debt		**442**	**531**
Rental commitments discounted at 7%	(3)	2,453	2,426
Total Adjusted net debt		**2,895**	**2,957**
Funds from Ordinary Activities (on 12 months)		**769**	**847**
Restatement of interests related to perpetual subordinated notes	(1)	-	(19)
Rental amortization		221	217
Adjusted Funds from Ordinary Activities		**990**	**1,045**
Adjusted Funds from Ordinary Activities / Adjusted Net Debt		**34.2%**	**35.3%**

(*) Based on continuing operations : i.e. excluding the Onboard Train Services business reclassified as a discontinued operation.

(1) Due to the fact that the rating agencies treat 50% of subordinated perpetual securities as debt and 50% as equity, 50% of said securities and the related interest are restated as net debt and 50% as funds from operations excluding non-recurring transactions used to calculate the ratio.

(2) At June 30, 2015, including a € (93) million adjustment related to the acquisition of hotel portfolios from Tritax and Graff and the interest in Mama Shelter on 2nd semester 2014 and a €63 million adjustment for disposals.

(3) Rental commitments do not include any variable or contingent rentals. The 7% rate is the rate used by Standard & Poor's.

Note (c): Return on Capital Employed (ROCE) is a key management indicator used internally to measure the performance of the Group. ROCE corresponds to the ratio between adjusted EBITDA and average capital employed for the period (on 12 months).

Adjusted EBITDA – which amounted to €1,041 million – includes EBITDA (€988 million) plus revenue from non-current financial assets (€13 million in dividends and financial income from non-Group companies and €40 million in share of profit of associates before tax). Average capital employed in the first half of 2015 amounted to €7,339 million.

Note 2. Summary of Significant Accounting Policies

A. Accounting principles

The Group's consolidated financial statements for the six months ended June 30, 2015 have been prepared in accordance with IAS 34, as adopted by the European Union. As provided for in IAS 34, these interim financial statements do not include all of the information required under IFRS for annual financial statements. They should therefore be read in conjunction with the consolidated financial statements for the year ended December 31, 2014. The business carried out by the Group during the six months ended June 30, 2015 is not materially seasonal.

The accounting principles applied for the preparation of these half-yearly consolidated financial statements are the same as those applied for the preparation of the consolidated financial statements for the year ended December 31, 2014 (see Note 2 in the notes to the consolidated financial statements for the year ended December 31, 2014), except for the standards, amendments and interpretations applicable for the first time on or after January 1, 2015. The accounting principles applied comply with the IFRS standards and interpretations as adopted by the European Union as of June 30, 2015.

B. IFRS basis

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

- IFRIC 21 – Levies, which specifies the date on which a liability for a levy should be recognized. The interpretation is effective for annual periods beginning on or after January 1, 2015 and retrospectively applied for all prior periods presented. The changes made to previously published figures primarily relate to France and more specifically to the "contribution sociale de solidarité" tax and to property taxes.
  The impact on opening equity at January 1, 2014 is a positive €3 million. The impact on the annual income statement is not material. Property taxes previously recognized on a straight-line basis over the year are now recognized on January 1, generating a negative impact of €6 million on the income statement at June 30, 2014.
- Amendment to IAS 19 « Defined Benefit Plans : Employee Contributions »
- Annual improvements to IFRS 2010-2012 and 2011-2013 cycles

The Group has not early adopted any standards, amendments or interpretations that were not mandatory as of January 1, 2015.

C. 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.

Specific methods are applied in the interim financial statements to calculate income taxes and employee benefits. These methods are described in the corresponding notes.

Note 3. Significant Events and Changes in Scope of Consolidation

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

3.1. HotelServices

A. Digital Transformation and acquisition of Fastbooking

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

On April 17, 2015, AccorHotels announced its acquisition of FastBooking, a company specialized in providing digital services to hotel operators, for €1.8 million. As the assets acquired had a negative value of €4.0 million, provisional goodwill of €5.8 million was recognized on the transaction.
On June 3, 2015, AccorHotels announced that it would be opening its AccorHotels.com distribution platform to independent hotels selected on the basis of certain hotel criteria, as well as on guest reviews. In time, the objective is to reach the number of 10,000 hotels offered on AccorHotels.com. Over the first two years of its roll-out, this initiative will represent an additional investment corresponding to around 10% of the cost of the Group’s digital plan.
These two initiatives form part of the Group’s move to create a new BtoB digital services division. AccorHotels now offers a wider range of digital and technical solutions to all its partners, as well as more support, guaranteeing them greater visibility as well as an increase in their indirect web booking volumes.

B. Strategic Alliance with Huazhu

On December 14, 2014, AccorHotels and Nasdaq-listed Huazhu Hotels Group (also known as China Lodging) announced the signature of a strategic alliance in China. As part of the arrangement, AccorHotels' Economy and Midscale hotels in China will be sold to Huazhu, which will hold an exclusive master franchise agreement for the ibis, ibis Styles, Mercure, Novotel and Grand Mercure brands. Huazhu will also become a minority shareholder in AccorHotels’ Luxury and Upscale business in China, with a 10% stake. Twelve hotels will also be transferred to Huazhu and were reclassified as "Assets held for sale" at June 30, 2015.
In exchange, AccorHotels will receive around 10% interest in Huazhu and a seat on the company's Board of Directors. This major alliance will enable the two groups to accelerate their development, with a medium-term objective of 350 to 400 new hotels under AccorHotels brands. The agreement will also give the members of both partners’ loyalty programs access to a combined network of around 6,000 hotels worldwide.
The transaction is scheduled for completion in the second half of 2015.

3.2. HotelInvest

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

A. Transfer to Orbis of the Management of AccorHotels' Central European operations

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

B. Sale and Management-Back of the Zurich MGallery

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

C. Sale & Franchise Back of 29 hotels in Germany and the Netherlands

On April 29, 2015, AccorHotels announced the sale and franchise-back of 29 hotels (3,354 rooms) in Germany and the Netherlands for a total value of €234 million. This amount includes the sale price of €209 million and a commitment from the buyer to carry out €25 million worth of renovations. The transaction will take place before the end of the year 2015, with Germany company Event Hotels. The hotels concerned were reclassified as assets held for sale at June 30, 2015. On 29 hotels, 27 hotels were bought back by AccorHotels as part of a portfolio of properties previously owned by Moor Park in 2014.

D. Sale & Franchise-Back of seven hotels in the United Kingdom and Ireland

On May 21, 2015, AccorHotels announced the sale and franchise-back of seven hotels (708 rooms) for €32.6 million, together with a commitment from the buyers to carry out €5.2 million worth of renovations. Six of the seven hotels were bought back by AccorHotels as part of a portfolio of properties previously owned by Tritax in 2014. Two buyers were involved in these transactions: Starboard Hotels Ltd and Hetherley Capital Partners. Six of the seven hotels were sold in June 2015. The remaining hotel will be sold before the end of the year and was therefore reclassified as held for sale at June 30, 2015.

E. Summary of real estate transactions

The main real estate transactions carried out by the Group at June 30, 2015 are as follows:

June 2015		Number of transactions	Sale price	Net Debt impact	Adjusted net debt impact
"Sale & Variable Lease-Back" transactions		5	-	-	1
"Sale & Management-Back" transactions	(a)	3	46	52	52
"Sale & Franchise-Back" transactions and outright sales	(b)	22	48	28	43
TOTAL		30	94	80	96

(a) At the end of June 2015, the main transactions related to the sale of Zürich Continental MGallery in Switzerland (net debt impact including fees: €30 million) and the sale of the Bogota ibis and Medellin ibis (net debt impact: €15 million).

(b) At the end of June 2015, the main operations concerned :
- Sale of six ibis hotels in the United Kingdom and Ireland (profit impact: €(2) million ; net debt impact: €27 million) ;

- Individual sale of Roma Fiera ibis in Italy (net debt impact and profit impact: €(3) million);
- Individual sale of the Caen Côte de Nacre Novotel in France (profit impact: €2 million ; net debt impact: €3 million) ;

3.3. Colony Capital / Eurazeo

In March 2015, the members of the shareholders' pact sold half of their AccorHotels shares. At June 30, 2015, these shareholders held a total of 27,835,282 shares, representing 11.8% of the Company's share capital and 19.9% of its voting rights, and still had 4 seats on the Board of Directors.

3.4. Bond issues

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

Note 4. Operational Segments

In accordance with IFRS 8, the breakdown used by AccorHotels corresponds to the operating segments regularly reviewed by the Executive Committee, which is the chief operating decision-maker of the Group's management.
The segments defined by the Group are unchanged from those described in Note 39 to the consolidated financial statements for the year ended December 31, 2014.

4.1. Information by business activity

At June 30, 2015 **In millions of euros**	**HotelServices**	**HotelInvest**	**Corporate & Intercos**	**Total**
Revenue	632	2,373	(279)	2,726
EBITDAR	199	674	(37)	837
EBITDAR Margin	*31.5%*	*28.4%*	*N/A*	*30.7%*
EBITDA	186	287	(35)	439
EBITDA Margin	*29.4%*	*12.1%*	*N/A*	*16.1%*
EBIT	167	133	(37)	263
EBIT Margin	*26.3%*	*5.6%*	*N/A*	*9.6%*

At June 30, 2014 **In millions of euros**	**HotelServices**	**HotelInvest**	**Corporate & Intercos**	**Total**
Revenue	582	2,286	(275)	2,593
EBITDAR	199	636	(36)	800
EBITDAR Margin	*34.3%*	*27.8%*	*N/A*	*30.9%*
EBITDA	188	216	(34)	370
EBITDA Margin	*32.2%*	*9.4%*	*N/A*	*14.3%*
EBIT	172	77	(36)	212
EBIT Margin	*29.6%*	*3.4%*	*N/A*	*8.2%*

At June 30, 2015 In millions of euros	HotelServices	HotelInvest	Corporate & Intercos	Total
Goodwill	444	260	-	704
Intangible Assets	156	120	12	288
Property, plant and equipment	78	3,013	16	3,107
Non-current financial assets	93	534	(3)	624
Total non-current assets excl. deferred tax assets	*771*	*3,927*	*25*	4,722
Deferred tax assets	7	33	30	71
Total non-current assets	*778*	*3,960*	*55*	4,793
Cash, short-term debt and receivables on disposals of assets				2,853
Other current assets	1,292	1,236	(1,561)	967
Assets held for sale	-	315	0	315
Total assets				**8,928**
Shareholders' Equity & Minority Interests				3,901
Long-term debt				2,888
Deferred tax liabilities	3	33	2	39
Other non-current liabilities	26	75	44	145
Short-term debt				83
Other current liabilities	1,349	1,748	(1,246)	1,851
Liabilities associated to assets classified as held for sale	-	19	3	22
Total liabilities & shareholders' Equity				**8,928**

At December 31, 2014 In millions of euros	HotelServices	HotelInvest	Corporate & Intercos	Total
Goodwill	435	266	-	701
Intangible Assets	150	121	12	283
Property, plant & equipment	78	3,062	17	3,157
Non-current financial assets	95	553	(62)	586
Total non-current assets excl. deferred tax assets	*758*	*4,002*	*(33)*	*4,727*
Deferred tax assets	17	26	23	66
Total non-current assets	*775*	*4,028*	*(9)*	*4,794*
Cash, short-term debt and receivables on disposals of assets				2,707
Other current assets	1,191	1,050	(1,335)	906
Assets held for sale				347
Total assets				**8,754**
Shareholders' Equity & Minority Interests				3,869
Long-term debt				2,784
Deferred tax liabilities	5	33	3	41
Other non-current liabilities	25	73	35	133
Short-term debt				82
Other current liabilities	1,184	1,833	(1,192)	1,825
Liabilities associated to assets classified as held for sale	-	17	3	20
Total liabilities & shareholders' Equity				**8,754**

4.2. Information by region

Revenue and earnings indicators by region break down as follows:

At June 30, 2015 **In millions of euros**	**France**	**Europe** (excl. France / Mediterranean)	**Mediterranean, Middle East and Africa**	**Asia Pacific**	**Americas**	**Worldwide Structures**	**Total**
Revenue	838	1,114	250	297	217	9	2,726
EBITDAR	230	411	72	71	53	(1)	837
EBITDAR Margin	*27.5%*	*36.9%*	*29.0%*	*23.9%*	*24.3%*	*N/A*	*30.7%*
EBITDA	108	232	36	40	25	(2)	439
EBITDA Margin	*12.9%*	*20.8%*	*14.3%*	*13.4%*	*11.3%*	*N/A*	*16.1%*
EBIT	68	149	22	26	15	(15)	263
EBIT Margin	*8.1%*	*13.3%*	*8.6%*	*8.7%*	*6.7%*	*N/A*	*9.6%*

At June 30, 2014 **In millions of euros**	**France**	**Europe** (excl. France / Mediterranean)	**Mediterranean, Middle East and Africa**	**Asia Pacific**	**Americas**	**Worldwide Structures**	**Total**
Revenue	846	1,015	*233*	*264*	*224*	11	2,593
EBITDAR	239	361	*64*	*63*	*68*	6	800
EBITDAR Margin	*28.2%*	*35.6%*	*27.4%*	*23.8%*	*30.3%*	*N/A*	*30.9%*
EBITDA	114	161	*25*	*33*	*31*	6	370
EBITDA Margin	*13.4%*	*15.8%*	*10.8%*	*12.5%*	*14.0%*	*N/A*	*14.3%*
EBIT	73	93	*11*	*19*	*22*	(6)	212
EBIT Margin	*8.6%*	*9.2%*	*4.8%*	*7.2%*	*9.8%*	*N/A*	*8.2%*

At June 30, 2015 **In millions of euros**	**France**	**Europe** (excl. France / Mediterranean)	**Mediterranean, Middle East and Africa**	**Asia Pacific**	**Americas**	**Worldwide Structures**	**Total**
Goodwill	179	195	27	205	98	-	704
Intangible assets	9	120	14	51	27	67	288
Property, plant and equipment	574	1,806	295	136	250	45	3,107
Non-current financial assets	130	50	616	291	48	(512)	624
Total non-currend assets excl. deferred tax assets	*893*	*2,172*	*952*	*683*	*423*	*(400)*	4,722
Deferred tax assets	(23)	27	3	11	14	39	71
Total non-current assets	*870*	*2,199*	*955*	*694*	*437*	*(361)*	4,793
Total current assets	1,387	981	212	486	163	591	3,820
Assets held for sale	15	222	12	56	10	0	315
Other assets	*1,402*	*1,203*	*224*	*543*	*173*	*591*	4,135
Total Assets	**2,271**	**3,402**	**1,179**	**1,237**	**609**	**230**	**8,928**

At December 31, 2014 In millions of euros	France	Europe (excl. France / Mediterranean)	Mediterranean, Middle East and Africa	Asia Pacific	Americas	Worldwide Structures	Total
Goodwill	175	199	28	199	100	-	701
Intangible assets	13	113	12	51	29	65	283
Property, plant and equipment	621	1,764	299	142	285	46	3,157
Non-current financial assets	100	52	619	241	98	(524)	586
Total non-current assets excl. deferred tax assets	*909*	*2,128*	*958*	*633*	*512*	*(413)*	*4,727*
Deferred tax assets	(21)	29	4	10	14	30	66
Total non-current assets excl. deferred tax assets	*888*	*2,157*	*962*	*643*	*526*	*(383)*	*4,794*
Total current assets	1,600	787	196	452	165	414	3,614
Assets held for sale	1	266	13	57	10	-	347
Other assets	*1,601*	*1,053*	*209*	*509*	*175*	*414*	3,961
Total Assets	**2,489**	**3,210**	**1,171**	**1,152**	**701**	**31**	**8,754**

4.3. Consolidated Revenue by Strategic Business and by Region

In millions of euros	France	Europe (excl. France / Mediterranean)	Mediterranean, Middle East and Africa	Asia Pacific	Americas	Worldwide Structures (1)	June 2015	June 2014	Like-for-like change (%)
HOTELSERVICES	**167**	**158**	**67**	**175**	**52**	**14**	**632**	**582**	**6.4%**
HOTELINVEST	**770**	**1,079**	**206**	**134**	**184**	**-**	**2,373**	**2,286**	**3.5%**
CORPORATE & INTERCOS	**(99)**	**(122)**	**(23)**	**(12)**	**(19)**	**(5)**	**(279)**	**(275)**	**(4.4)%**
Total June 2015	**838**	**1,114**	**250**	**297**	**217**	**9**	**2,726**		
Total June 2014	**846**	**1,015**	**233**	**264**	**224**	**11**		**2,593**	
Like-for-like change (%)	**1.9%**	**6.2%**	**6.8%**	**6.3%**	**(2.1)%**	**(9.5)%**			**4.1%**

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

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

• Like-for-like growth	+105	m€	+4.1%
• Business expansion (owned and leased hotels only)	+24	m€	+0.9%
• Currency effects	+69	m€	+2.7%
• Disposals	(65)	m€	(2.5)%
Variation in first-half 2015 Consolidated Revenue	**+133**	**m€**	**+5.1%**

At June 30, 2015, HotelServices revenue breaks down as follows:

In millions of euros	Management fees	Franchise fees	HotelInvest fees	Other Revenues	Total
June 2015	200	95	261	76	632
June 2014	169	75	257	81	582

Total fees for Managed and franchised hotels only, excluding currency and acquisitions, increased by 12.6%.

4.4. EBITDAR by Strategic Business and Region

In millions of euros	France	Europe (excl. France / Mediterranean)	Mediterranean, Middle East and Africa	Asia Pacific	Americas	Worldwide Structures (1)	June 2015	June 2014	Like-for-like change (%)
HOTELSERVICES	55	59	22	36	12	16	199	199	(0.1)%
HOTELINVEST	175	353	50	35	41	20	674	636	3.8%
CORPORATE & INTERCOS	-	-	-	-	-	(37)	(37)	(36)	(8.2)%
Total June 2015	230	411	72	71	53	(1)	837		
Total June 2014	239	361	64	63	68	6		800	
Like-for-like change (%)	(3.2)%	10.2%	11.8%	7.9%	(20.3)%	N/A			2.7%

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

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

• Like-for-like growth	+21	m€	+2.7%
• Business expansion (owned and leased hotels only)	+3	m€	+0.4%
• Currency effects	+23	m€	+2.9%
• Disposals	(12)	m€	(1.5)%
Variation in first-half 2015 EBITDAR	**+36**	**m€**	**+4.5%**

4.5. EBITDA by Strategic Business and Region

In millions of euros	France	Europe (excl. France / Mediterranean)	Mediterranean, Middle East and Africa	Asia Pacific	Americas	Worldwide Structures (1)	June 2015	June 2014	Like-for-like change (%)
HOTELSERVICES	**53**	**56**	**21**	**32**	**11**	**12**	**186**	**188**	**(0.6)%**
HOTELINVEST	**55**	**175**	**14**	**8**	**14**	**21**	**287**	**216**	**10.8%**
CORPORATE & INTERCOS	**-**	**-**	**-**	**-**	**-**	**(35)**	**(35)**	**(34)**	**(8.0)%**
Total June 2015	**108**	**232**	**36**	**40**	**25**	**(2)**	**439**		
Total June 2014	**114**	**161**	**25**	**33**	**31**	**6**		**370**	
Like-for-like change (%)	**(5.8)%**	**19.2%**	**33.0%**	**14.4%**	**(34.2)%**	**N/A**			**5.2%**

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

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

• Like-for-like growth	+19	m€	+5.2%
• Business expansion (owned and leased hotels only)	+35	m€	+9.2%
• Currency effects	+15	m€	+4.0%
• Disposals	(0)	m€	(0.1)%
Variation in first-half 2015 EBITDA	**+69**	**m€**	**+18.6%**

4.6. EBIT by Strategic Business and Region

In millions of euros	France	Europe (excl. France / Mediterranean)	Mediterranean, Middle East and Africa	Asia Pacific	Americas	Worldwide Structures (1)	June 2015	June 2014	Like-for-like change (%)
HOTELSERVICES	**53**	**55**	**21**	**26**	**10**	**1**	**167**	**172**	**(2.4)%**
HOTELINVEST	**15**	**93**	**1**	**(0)**	**4**	**20**	**133**	**77**	**31.2%**
CORPORATE & INTERCOS	**-**	**-**	**-**	**-**	**-**	**(37)**	**(37)**	**(36)**	**(7.7)%**
Total June 2015	**68**	**149**	**22**	**26**	**15**	**(15)**	**263**		
Total June 2014	**73**	**93**	**11**	**19**	**22**	**(6)**		**212**	
Like-for-like change (%)	**(7.5)%**	**31.4%**	**72.8%**	**27.9%**	**(48.5)%**	**N/A**			**8.0%**

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

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

• Like-for-like growth	+17	m€	+8.0%
• Business expansion (owned and leased hotels only)	+18	m€	+8.2%
• Currency effects	+11	m€	+5.2%
• Disposals	+4	m€	+1.9%
Variation in first-half 2015 EBIT	**+50**	**m€**	**+23.8%**

Note 5. Operating Expense

In millions of euros	**June 2014**	**June 2015**
Cost of goods sold	(173)	(159)
Employee benefits expense	(947)	(991)
Energy, maintenance and repairs	(137)	(142)
Taxes, insurance and service charges (co-owned properties)	(104)	(116)
Other operating expense	(431)	(481)
Operating Expense	**(1,793)**	**(1,890)**

Note 6. Rental Expense

Rental expense breaks down as follows by type of contract:

In millions of euros	Number of hotels June 2015	Rental Expense June 2015	Rental expense June 2014
Hotel fixed rental expense	310	(183)	(179)
Hotel variable rental expense	642	(217)	(254)
Total hotel rental expense	**952**	**(400)**	**(433)**
Others	-	2	2
Rental expense	**952**	**(398)**	**(431)**

Minimal rental commitments (cash basis)

Minimum future rentals in the following tables only correspond to long-term commitments in the Hotels Division for the hotels opened or closed for repairs. Undiscounted minimum lease payments in foreign currencies converted at the average exchange rate based on latest known rates, are as follows:

Years	In millions of euros
2015 (6 months)	(196)
2016	(387)
2017	(360)
2018	(343)
2019	(332)
2020	(296)
2021	(247)
2022	(228)
2023	(208)

Years	In millions of euros
2024	(192)
2025	(168)
2026	(151)
2027	(105)
2028	(85)
2029	(68)
2030	(48)
> 2030	(352)
Total	**(3,766)**

At June 30, 2015, the present value of future minimum lease payments, considered as representing 7% of the minimum lease payments used to calculate the “Adjusted funds from ordinary activities/adjusted net debt” ratio, amounted to €(2,426) million. Interest expense on adjusted net debt, estimated at 7%, amounted to €170 million.

Note 7. Net Financial Expense

In millions of euros	June 2014	June 2015
Finance costs	(31)	(33)
Other financial income and expenses	1	2
Net financial expense	**(30)**	**(32)**

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

Note 8. Impairment Losses

Impairment losses recognised in the first half 2014 and 2015 can be analysed as follows:

In millions of euros	June 2014	June 2015
Goodwill	(2)	(2)
Intangible assets	(1)	(0)
Property, Plant and Equipment	(22)	(33)
Financial assets	-	-
Impairment Losses	**(25)**	**(35)**

A. HotelInvest

For the HotelInvest business, impairment tests are primarily carried out during the first half of the year.

The definition of cash-generating unit and the methods used to determine recoverable value are presented in the summary of significant accounting policies in the notes to the consolidated financial statements for the year ended December 31, 2014.

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

Goodwill:

At June 30, 2015, impairment losses were recognized following a review of the recoverable amounts of hotels in France for €(1) million and in South America for €(1) million. Goodwill allocated to the hotels concerned has been written down in full.
At June 30, 2014, impairment losses were recognized following a review of the recoverable amounts of hotels in France for €(1) million and in Germany for €(1) million.

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

Tangible assets:

In millions of euros	France	Europe (excl. France/ Méditerranean)	Mediterranean, Middle East and Africa	Asia Pacific	Americas	Worldwide Structures	Total
June 2015	**(16)**	**(7)**	**(1)**	**(3)**	**(6)**	**-**	**(33)**
June 2014	**(7)**	**(7)**	**(2)**	**(6)**	**(0)**	**-**	**(22)**

At June 30, 2015, impairment losses on property, plant and equipment concerned 105 hotels for €(33) million. No impairment losses were reversed.
At June 30, 2014, impairment losses on property, plant and equipment concerned 85 hotels for €(20) million. No impairment losses were reversed.

B. HotelServices

For the HotelServices business, as no indicator of impairment has been identified, impairment tests will be carried out in 2015 second half of the year.

Note 9. Restructuring Costs

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

In millions of euros	June 2014	June 2015
Movements in restructuring provisions	36	11
Restructuring costs	(42)	(15)
Total restructuring costs	**(6)**	**(5)**

Restructuring costs correspond mainly to the costs linked to the reorganization of the Group.

Note 10. Gains and Losses on Management of Hotel Properties and Other assets

In millions of euros	June 2014	June 2015
Disposal gains and losses	9	(2)
Provision for losses on hotel properties	3	(10)
Total Gains and Losses on Management of Hotel properties	**12**	**(12)**
Disposal gains and losses	(16)	(13)
Provision movements	44	6
Gains and losses on non-recurring transactions	(81)	(12)
Total Gains and Losses on Management of Other Assets	**(53)**	**(19)**

At June 30, 2015, gains and losses on the management of hotel portfolios include €(7) million in costs related to the renegotiation of a management contract in Austria,

At June 30, 2015, gains and losses on the management of other assets included:

- the write-off of leasehold rights in the UK for an amount of €(4) million,
- provisions for others claims and litigation for an amount of €(6) million.

At June 30, 2014, gains and losses on the management of hotel portfolios included:

- a net gain of €7 million on the ''Sale & Management Back'' of the Venice MGallery,
- a net gain of €6 million on the contingent consideration received from the sale of the New York Times Square Novotel in 2012 under a ''Sale & Management Back'' contract and on the compensation for waiving a pre-emptive right owned management contract in connection with the sale of the hotel,
- a net gain of €5 million on ''Sale and Franchise Back'' transaction on 3 ibis in France,
- an estimated net loss of €(7) million on the expected termination of the lease of Novotel Firenze.

At June 30, 2014, gains and losses on the management of other assets mainly included €(41) million in costs mostly related to a non-recurring transaction indemnity.

Note 11. Income Tax Expense

For the interim consolidated financial statements, the income tax expense (current and deferred) is calculated by applying the average annual tax rate estimated for the current fiscal year to the operating profit before tax, non-recurring items and share of profit of associates of each entity or tax group for the period. The amount calculated is then adjusted to reflect actual transactions carried out in the first half of the year.

The income tax expense for the first six months of 2015 was €67 million (including €(5) million in tax on non-recurring items) compared with €50 million in the first half of 2014. The first-half 2015 figure corresponds to a current tax rate of 31.5%. This is below the theoretical tax rate of 38% in force in France (ordinary tax rate plus the exceptional contribution of 10.7% applicable since 2013), due to the fact that the results of certain international subsidiaries are taxed at a lower rate.

Note 12. Goodwill

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

In millions of euros

Net carrying amount at 1st January		**701**
Goodwill recognized on acquisitions for the period and other increases	(a)	6
Disposals		(2)
Impairment losses	Note 8	(2)
Translation adjustment	(b)	7
Reclassifications to Property, Plant and Equipment		-
Reclassifications to Assets held for sale	Note 18	(4)
Other reclassifications and movements		(2)
Net carrying amount at end of period		**704**

(a) In 2015, AccorHotels bought Fastbooking, generating a provisional goodwill of €5.8 million (see note 3).

(b) This variation is due to the appreciation of the Australian and American dollars.

Note 13. Intangible Assets

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

In millions of euros

Carrying amount at 1st January	**283**
Acquisitions	14
Internally-generated assets	12
Intangible assets acquired	0
Amortization for the period	(18)
Impairment losses for the period	(0)
Disposals of the period	(4)
Translation adjustment	6
Reclassification to Assets held for sale (see note 18)	(5)
Carrying amount at end of period	**288**

Changes during the period mainly result of €5 million.

Note 14. Property, plant and Equipment

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

In millions of euros

Net carrying amount at beginning of period[st] January		**3,157**
Acquisitions		0
Capital expenditure	(1)	108
Depreciation for the period		(151)
Impairment losses for the period recognized in impairment losses or in net loss from discontinued operations	(2)	(33)
Translation adjustments		68
Disposals for the period	(3)	(27)
Reclassifications to Assets held for sale (see note 18)		(17)
Net carrying amount at end of period		**3,107**

Changes during the period mainly result of € (50) millions.

(1) In first-half 2015, capital expenditure included refurbishment work for €51 million (mostly in France) as well as new buildings for €57 million (mainly in the United Kingdom, Germany and France).

(2) Impairment losses primarily concerned France (€16 million).

(3) Disposals during the six months ended June 30, 2015 mainly related to Colombia (€19 million).

Note 15. Investments in Associates

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

In millions of euros

Carrying amount of investments in associates at 1[st] January	**324**
Investments in associates in net profit for the period	8
Dividends paid	(9)
Impairment losses	-
Changes in scope of consolidation	2
Translation adjustments	13
Capital increase	12
Others	0
Carrying amount of investments in associates at end of period	**350**

The year-on-year change primarily includes €12 million in capital increases related to development projects in India and a €13 million impact from currency effects, of which €9 million concerned the US dollar.
The allocation process for the goodwill related to the equity-accounted shares in Mama Shelter acquired in late 2014 was still ongoing at June 30, 2015.

Note 16. Shareholders' Equity

Note 16.1 Changes in share capital

At June 30, 2015, the number of outstanding shares and the number of potential shares that could be issued break down as follows:

Number of issued shares at January 1, 2015	**231,836,399**
Performance shares granted	233,245
Shares issued on exercise of stock options	1,832,194
Shares issued in payment of dividends	1,369,477
Number of issued shares at June 30, 2015	**235,271,315**
Stock option plans	2,499,221
Performance shares plans	1,053,941
Potential number of shares	**238,824,477**

Note 16.2 Diluted earnings per share

At June 30, 2015, the average number of ordinary shares before and after dilution is presented as follows:

Outstanding shares at June 30, 2015	**235,271,315**
Effect of share issues on the weighted average number of shares	(124,893)
Adjustment for stock option plans exercised during the period	(553,521)
Effect of stock dividends on weighted average number of shares	(1,142,492)
Weighted average number of ordinary shares during the period	**233,450,409**

Diluted earnings per share were therefore calculated as follows:

In millions of euros	June 2014	June 2015
Net profit, Group share (continuing and discontinued operations)	**54**	**91**
Hybrid capital dividend payment	-	(37)
Adjusted Net profit, Group share	**54**	**53**
Weighted average number of ordinary shares (in thousands)	**228,952**	**233,450**
Number of shares resulting from the exercise of stock options (in thousands)	1,350	1,258
Number of shares resulting from performance shares grants (in thousands)	260	507
Fully diluted weighted average number of shares (in thousands)	**230,562**	**235,216**
Earnings per share (in euros)	**0.24**	**0.23**
Diluted earnings per share (in euros)	**0.23**	**0.23**

Note 16.3 Exchange differences on translating foreign operations

Exchange differences on translating foreign operations between December 31, 2014 and June 30, 2015, representing a positive impact of €81 million, mainly concern changes in exchange rates against the euro of the US Dollar (€53 million positive impact), the Pound Sterling (€29 million positive impact), the Swiss Franc (€11 million positive impact), the Brazilian Real (€16 million negative impact) and the Chinese Yuan (€10 million negative impact).

Note 16.4 Payment of dividends

The 2013 and 2014 dividends were as follows:

In euros	2013	2014
Dividend per Share	**0.80**	**0.95**

Part of the 2013 dividend was paid in cash and part in stock.

Note 16.5. Share-based payments

PERFORMANCE SHARE PLAN

On June 16, 2015, Accor granted 480,090 performance shares to senior executives and certain employees. Of these:

- 153,800 have a four-year graded vesting period, with no subsequent lock-up period, and are subject to four vesting conditions.
- 326,290 have a four-year graded vesting period, with no subsequent lock-up period, and are subject to two vesting conditions.

The four-year graded vesting period breaks down as follows:

- An initial two-year vesting period at the end of which 50% of the grantees' entitlement vests provided they are still members of the Company at that date and that the applicable performance conditions have been met.
- A second vesting period, corresponding to the third year, at the end of which a further 25% of the grantees' entitlement vests, provided the applicable performance conditions have been met.
- A third vesting period, corresponding to the fourth year, at the end of which the final 25% of the grantees' entitlement vests, provided the applicable performance conditions have been met.

The performance shares are subject to vesting conditions based on EBIT margin, operating cash flow from operating activities, completion of planned asset disposals and an external vesting condition for 2015, 2016, 2017 and 2018. Targets have been set for annual growth in relation to the budget over the four years, with interim milestones, and a certain percentage of the shares vest each year as each milestone is met.

The cost of the performance share plan – corresponding to the fair value of the share grants – amounted to €19.6 million at June 16, 2015 and is being recognized over the vesting period using an accelerated recognition method (in light of the graded vesting period) under "Employee benefits expense" with a corresponding adjustment to equity. The fair value of the share grants was measured as the Accor opening share price on the grant date less the present value of unpaid dividends multiplied by the number of shares granted under the plan.

Plan costs recognized in first-half 2015 amounted to €0.3 million.

COST OF SHARE-BASED PAYMENTS RECOGNIZED IN THE ACCOUNTS

The total cost recognized in profit or loss by adjusting equity in respect of share-based payments amounted to €5.6 million at June 30, 2015 when it amounted to €4.4 million at June 30, 2014.

Note 17. Financial Debt and Instruments

Note 17.1. Long and Short-term debt

Long and short-term debt at June 30, 2015 breaks down as follows by currency and interest rate after hedging transactions:

In millions of euros	Dec. 2014	Effective rate Dec. 2014 %	June 2015	Effective rate June 2015 %
EUR	2,382	3.11	2,395	2.98
CHF	197	1.74	220	1.73
PLN	-	0.00	114	2.69
JPY	29	0.11	31	0.10
CNY	21	3.42	20	3.08
MUR	26	7.68	25	7.68
COP	15	9.63	5	10.40
Other currencies	61	5.25	42	6.64
Long and short-term borrowings	**2,731**	**3.11**	**2,852**	**2.95**
Long and short-term finance lease liabilities	72		65	
Purchase commitments	11		11	
Liability derivatives	-		10	
Other short-term financial liabilities and bank overdrafts	52		33	
Long and short-term debt	**2,866**		**2,971**	

At June 30, 2015, maturities of debt were as follows:

In millions of euros	Dec. 2014	June 2015
Year N + 1	82	83
Year N + 2	20	707
Year N + 3	965	267
Year N + 4	31	618
Year N + 5	614	90
Year N + 6	12	940
Beyond	1,142	266
Total Long and short-term debt	**2,866**	**2,971**

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 closure date.

On June 30, 2015, unused long-term committed line is amounting to €1,800 million, expiring in June 2019.

Note 17.2. Financial instruments

The carrying amount and fair value of financial instruments at June 30, 2015 are as follows:

In millions of euros		December 31, 2014 Carrying amount	June 2015 Carrying Amount	June 2015 Fair value
FINANCIAL LIABILITIES		**2,866**	**2,971**	**3,050**
Bonds	(1)	2,625	2,717	2,796
Bank borrowings		92	124	124
Finance lease liabilities		72	65	65
Other financial liabilities		77	55	55
Derivative instruments - liabilities	(2)	-	10	10
FINANCIAL ASSETS		**(2,707)**	**(2,853)**	**(2,854)**
Money market securities		(2,549)	(2,606)	(2,607)
Cash		(126)	(200)	(200)
Other		(30)	(46)	(46)
Derivative instruments - assets	(2)	(2)	(1)	(1)
NET DEBT		**159**	**118**	**196**

(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).
(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).

The carrying amount and fair value of money market securities at June 30, 2015 are as follows:

In millions of euros		December 31, 2014 Carrying amount	June 30, 2015 Carrying amount	June 30, 2015 Fair value
Other negotiable debt securities	(a)	(1,701)	(1,531)	(1,531)
Mutual funds units convertible into cash in less than three months (*)	(b)	(831)	(1,066)	(1,067)
Other (accrued interest)		(17)	(10)	(10)
Total money market securities		**(2,549)**	**(2,606)**	**(2,607)**

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

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

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

Note 18. Assets and Liabilities Held for Sale

Assets and Liabilities held for sale break down as follows:

In millions of euros		Dec. 2014	June 2015
Disposal Group to be sold in China	(a)	49	50
Disposal Group to be sold in Germany	(b)	-	88
Disposal Group to be sold in France	(c)	-	11
Total Disposals groups classified as held for sale (share deals)		**49**	**148**
Onboard Train Services business		**14**	**13**
Hotels to be sold in the Netherlands	(b)	81	81
Hotels to be sold in Germany	(b)	125	42
Hotels to be sold in Canada	(d)	10	10
Hotels to be sold in China	(a)	7	5
Hotels to be sold in Poland		3	5
Hotels to be sold in France	(c)	1	4
Hotels to be sold in the United Kingdom	(e)	29	2
Hotels to be sold in Switzerland	(f)	25	-
Other		3	5
Non-current assets classified as held for sale (asset deals)		**284**	**154**
Total Assets classified as Assets held for sale		**347**	**315**
Onboard Train Service business		(9)	(9)
Liabilities related to Disposal groups classified as held for sale		(11)	(13)
Total Liabilities classified as Liabilities associated with assets classified as held for sale		**(20)**	**(22)**

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

(a) In 2014, in connection with its partnership with Huazhu, the Group decided to sell twelve Ibis hotels in China (see Note 3). These hotels have been classified as assets held for sale and their carrying amount was €46 million at June 30, 2015. The sales are planned for the second half of 2015.

(b) At June 30, 2015, twenty-seven hotels that the Group acquired when it purchased the Moor Park portfolio were reclassified as assets held for sale. Their total carrying amount at that date was €204 million, of which €128 million related to seventeen hotels in Germany and €76 million to ten hotels in the Netherlands. Twelve of the seventeen hotels in Germany have been reclassified together as a disposal group with a total carrying amount of €88 million. At December 31, 2014, all of the assets related to the Moor Park transaction had been reclassified as non-current assets held for sale with no distinction made between disposal groups and individual assets held for sale. The sale of all of these assets is planned for September 2015.

(c) At June 30, 2015, a hotel acquired by the Group when it purchased the Graff portfolio was reclassified as a disposal group, with a total carrying amount of €11 million. Five other hotels from this portfolio with a carrying amount of €4 million have been classified as assets held for sale in France.

(d) In 2012, the Group agreed to sell the Mississauga Novotel in Canada. This hotel is classified in « Assets held for sale » for a carrying amount of €10 million at June 30, 2015. The Group intends to sell this hotel in the third quarter of 2015.

(e) In 2014, the Group decided to sell eight hotels acquired by the Group when it purchased the Tritax portfolio. Six of these hotels were sold during the first half of 2015. The remaining two – with a carrying amount of €2 million – were still classified as assets held for sale at end-June, 2015. The ibis Dublin is also classified as assets held for sale. These 3 hotels will be sold during the second half of 2015.

(f) At December 31, 2014, one hotel included in the Axa Real Estate portfolio was reclassified as « Assets held for sale » for a carrying amount of €25 million. This hotel was sold on April 14, 2015.

Note 19. Provisions

Post-employment and other long-term employee benefits

The post-employment and other long-term employee benefit obligation recognized at June 30, 2015 was calculated by projecting the December 31, 2014 obligation over a six-month period, taking into account any benefits paid and any changes to plan assets.
In the event of significant changes to certain parameters, such as the discount rate, the actuarial assumptions used to calculate employee benefit obligations for interim accounts may differ from those used for the annual financial statements.

At June 30, 2015, provisions for pensions were adjusted, with a corresponding adjustment to equity, as a result of (i) a change in the discount rate applied in Switzerland, and (ii) the new contribution structure for pensions under certain defined benefit plans for the Worldwide Structures in France.

Changes in provisions

Movements in long-term and short-term provisions between December 31, 2014 and June 30, 2015 can be analyzed as follows:

In millions of euros	Dec. 2014	Equity impact	Increases	Utilizations	Reversals of unused provisions	Translation adjustment	Reclassifications and changes in scope	June 2015
Provisions for pensions	103	8	5	(2)	(0)	0	0	**114**
Provisions for loyalty bonuses	20	-	1	(1)	(0)	0	(0)	**20**
Provisions for claims and other contingencies	10	-	0	(0)	(0)	0	(0)	**10**
TOTAL LONG-TERM PROVISIONS	**133**	**8**	**7**	**(4)**	**(0)**	**1**	**0**	**145**
Tax provisions	41	-	0	(1)	(1)	(0)	(0)	40
Restructuring provisions	21	-	1	(10)	(1)	0	0	11
Provisions for claims and other contingencies	110	-	18	(8)	(5)	(0)	1	115
TOTAL SHORT-TERM PROVISIONS	**172**	**0**	**19**	**(19)**	**(6)**	**0**	**0**	**165**

Note 20. Reconciliation of Funds from Operations

In millions of euros	June 2014	June 2015
Net Profit, Group share	56	91
Minority interests	7	11
Depreciation, amortization and provision expenses	157	176
Share of profit of associates, net of dividends received	3	1
Deferred tax	(20)	(5)
Change in financial provisions and provisions for losses on assets disposals	(81)	(2)
Impairment losses	25	35
Funds from operations from discontinued operations	(2)	(1)
Funds From Operations including non-recurring transactions	**145**	**307**
(Gains)/Losses on disposals of assets, net	7	15
(Gains)/Losses on non-recurring transactions (included restructuring costs and exceptional taxes)	137	45
Non-recurring items from discontinued activities	0	0
Funds From Operations excluding non-recurring transactions	**289**	**366**

Note 21. Change in Working Capital

The variation in Working Capital can be analyzed as follows:

In millions of euros	Dec. 2014	June 2015	Variation
Inventories	28	33	5
Trade receivables	417	483	66
Other receivables and accruals	461	451	(10)
WORKING CAPITAL ITEMS - Assets	**906**	**967**	**60**
Trade payables	690	666	(24)
Other payables	963	1,020	57
WORKING CAPITAL ITEMS - Liabilities	**1,652**	**1,686**	**33**
WORKING CAPITAL	**746**	**719**	**(27)**

The change in working capital related chiefly to operating activities in the amount of €(44) million and translation adjustments in the amount of €13 million.

Note 22. Renovation and maintenance Expenditure and Development Expenditure

Renovation and Maintenance Expenditure

In millions of euros	June 2014	June 2015
HOTELSERVICES	13	15
HOTELINVEST	46	47
CORPORATE & INTERCOS	2	2
Renovation and maintenance expenditure	**61**	**64**

Development expenditure excluding discontinued operations

In millions of euros	June 2014	June 2015
HOTELSERVICES	15	17
HOTELINVEST	989	101
CORPORATE & INTERCOS	(20)	0
Development expenditure	**984**	**118**

At June 30, 2015, most important development expenditure of HotelInvest concern:

- €12 million related to financing development projects in India through equity-accounted companies,
- €11 million related to the development of London Canary Wharf Novotel,
- €10 million related to the development of München Arnulfstrasse ibis and Novotel.

At June 30, 2014, most important development expenditure of HotelInvest concerned:

- €721 million related to the acquisition of an 86-hotel portfolio from Moor Park,
- €179 million related to the acquisition of an 11-hotel portfolio from Axa Real Estate.

Note 23. Claims, litigation and Off-Balance Sheet Commitments

Note 23.1. Claims and litigation

There was no significant change as regards litigation in which the Group is involved during the first half of 2015.

Note 23.2. Off Balance Sheet Commitments

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

Off-balance sheet commitments given by the Group increased by €143 million during the first half of 2015. The change, by type, breaks down as follows:

In millions of euros

Off-Balance Sheet Commitments at December 31, 2014		**466**
Security interests given on assets	(1)	83
Capex Commitments	(2)	74
Purchase commitments		(13)
Loan guarantees given		(4)
Commitments given in the normal course of business		3
Off-Balance Sheet Commitments at June 30, 2015		**609**

(1) Change in commitments decreasing the liquidity of assets consists primarily of mortgages.

a. As part of the bond issue carried out in Poland, a €54 million mortgage was given to the bank involved. This mortgage covers the book value of two hotels: Novotel Warszawa Centrum and Mercure Warszawa Centrum.
b. A bank credit facilty agreement has been signed in connection with the sale to Orbis of AccorHotels' operations in Central Europe. A €45 million mortgage was given to the bank as collateral for this facility, covering the book value of two hotels: Mercure Warsawa Grand and Sofitel Warszaw Victoria.
c. Discharge of mortgages on the Ibis Bogota and Medellin in Colombia in the amount of €19 million following the sale of these two hotels during the period

(2) The change in work commitments is as follows:

a. New commitments for the construction of the elevators, structure and facade of the Novotel Canary Wharf: €43 million. The work started in the first half of 2015
b. New security given by Accor SA to SCI Tours and Orly guaranteeing payment of the sums due to property developer Bouygues Bâtiment for the construction of the Coeur d'Orly hotel complex: €32 million
c. New guarantee given in Poland as part of the construction of the Krakow Mercure, Gdansk Ibis and Gydnia Orbis hotels: €16 million
d. Fulfilment of the commitment to build the Arnulfstrasse Ibis and Novotel in Germany following the completion of works: €12 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, 2014.

Note 24. Related Party Transactions

The main related parties are equity associates, Executive Committee members and members of the Board of Directors.

During the first half of 2015, there was no significant change in the type of transactions with related parties compared with the year ended December 31, 2014.

Note 25. Subsequent Events

AccorHotels group affirms its leadership in Africa through the signature of 50 hotel management contracts

On July 3, 2015, AccorHotels sealed an exclusive partnership with the major Angolan company AAA ACTIVOS LDA, to open 50 hotels (more than 6,200 rooms) in Angola between 2015 and 2017.
Over the next two years, 50 hotels will be opened in strategic locations, such as in Luanda, the Angola capital, and the 17 capitals of province: 6 hotels in 2015, 22 in 2016 and 22 in 2017. 27 hotels will be operated under the banner of the economic ibis Styles brand, 22 under that of the midscale Mercure brand, and 1 under the luxury Sofitel brand.

Accorhotels moves its headquarters to Issy-les-Moulineaux

On July 16, 2015, AccorHotels signed a lease agreement with a view to moving its headquarters to Issy-les-Moulineaux, in the first half of 2016. This commitment did not have any impact on the financial statements for the period ended June 30, 2015.

Auditors' Report on the Interim Financial Information

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STATUTORY AUDITORS' REVIEW REPORT ON THE 2015 HALF-YEAR FINANCIAL INFORMATION

(Six months ended June 30, 2015)

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, 2015 ;

- 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 30, 2015

The Statutory Auditors

French original signed by

ERNST & YOUNG et Autres	DELOITTE & ASSOCIES
Jacques PIERRES	Pascale CHASTAING-DOBLIN

Statement by the Person Responsible for the Interim Financial Report

Statement by the Person Responsible for the 2015 Interim Financial Report

I hereby declare that, to the best of my knowledge, the condensed consolidated financial statements for the first half of 2015 have been prepared in accordance with generally accepted accounting principles and give a true and fair view of the assets, liabilities, financial position and results of all the companies included in 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 and their impact on the interim financial statements, as well as a description of the main related-party transactions and of the principal risks and uncertainties for the remaining six months of the year.

Paris - July 30, 2015

Sébastien Bazin
Chairman and Chief Executive Officer