



# ACCORHOTELS

Feel Welcome

## NOTICE OF MEETING

COMBINED ANNUAL AND EXTRAORDINARY  
SHAREHOLDERS' MEETING



Friday, May 5, 2017 at 3:00 p.m.

Novotel Paris Tour Eiffel  
61, quai de Grenelle - 75015 Paris

AccorHotels is a **world-leading travel & lifestyle group** and digital innovator offering unique experiences in more than **4,100 hotels, resorts and residences**, as well as in **over 3,000 of the finest private homes** around the globe. Benefiting from dual expertise as an investor and operator through its HotelServices and HotelInvest divisions, AccorHotels operates in **95 countries**.

Its portfolio comprises internationally acclaimed luxury brands including **Raffles, Fairmont, Sofitel Legend, SO Sofitel, Sofitel, onefinestay, MGallery by Sofitel, Pullman and Swissôtel**; the popular midscale and boutique brands of **25hours, Novotel, Mercure, Mama Shelter and Adagio**; the much-prized economy brands including **JO&JOE, ibis, ibis Styles, ibis budget** and the regional brands **Grand Mercure, The Sebel and hotelF1**.

AccorHotels provides innovative end-to-end services across the entire traveler experience, notably through the recent acquisition of John Paul, the world leader in concierge services.

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

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# How to participate IN THE SHAREHOLDERS' MEETING?

The Shareholders' Meeting will be held at 3:00 p.m. on May 5, 2017 at the Novotel Paris Tour Eiffel. Shareholders are invited, for those who wish to do so, to arrive from 1:30 p.m at the Novotel, where a welcome coffee will be offered.

## HOW TO GET TO NOVOTEL PARIS TOUR EIFFEL

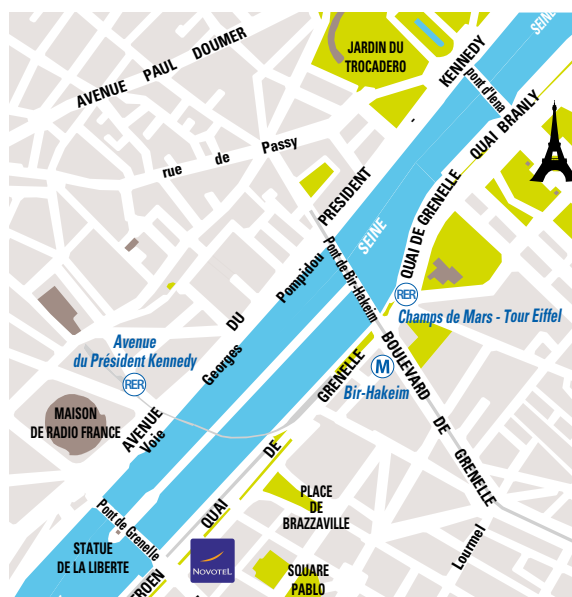
**Novotel Paris Tour Eiffel**  
**61, quai de Grenelle**  
**75015 Paris**

### Metro:

- Line 6 : get out at Bir-Hakeim or Dupleix
- Line 10 : get out at Charles Michels

### RER :

- Line C: get out at Javel or Maison de la Radio-Kennedy



## TO BE ELIGIBLE TO VOTE

Shareholders are eligible to vote at the Shareholders' Meeting provided that their shares are recorded in their name, or in that of their accredited financial intermediary, in the Company's share register or in a securities account kept by an accredited bank or broker on the second business day preceding the date of the Meeting, which is the **record date**.

For the Combined Annual and Extraordinary Shareholders' Meeting on May 5, 2017, the record date will therefore be **12:00 a.m. CEST on Wednesday, May 3, 2016**.

## HOW TO VOTE

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

- **in person:** you can attend the Meeting in person by presenting your admittance card;
- **online:** you can vote on line or give proxy on line to the Chairman of the Meeting or to another person of your choice;
- **by post:** you can vote or give proxy to the Chairman of the Meeting or to another person of your choice by sending in the postal voting/proxy form.

Article R. 225-85 of the French Commercial Code stipulates that any shareholder who has already voted, sent a proxy form, requested an admittance card or a certificate of share ownership:

- may not subsequently choose to participate in a different way;
- may sell all or some of their shares.
- **If all or some of the shares are sold before the second business day preceding the Meeting date**, i.e., before 12:00 a.m. CEST on Wednesday, May 3, 2017, the Company will cancel or modify the postal or online vote, the proxy, the admittance card or the certificate of share ownership. To this end, your bank or broker should notify Société Générale Securities Services of the sale and provide all necessary information.
- **If all or some of the shares are sold after the second business day preceding the Meeting date**, i.e., after 12:00 a.m. CEST on Wednesday, May 3, 2017, you are not required to notify the Company of the sale, notwithstanding any agreement to the contrary.

## YOU PLAN TO ATTEND THE MEETING IN PERSON

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

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

If you have not received the card two business days before the Shareholders' Meeting, you should call the **Société Générale admittance card hotline** on 0825 315 315 from France (€0.125 per minute plus VAT) or +33 2 51 85 59 82 from outside France (contact your local operator for tariff information). Lines are open from 8:30 a.m. to 6:00 p.m. CEST from Monday to Friday.

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

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

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

## YOU DO NOT PLAN TO ATTEND THE MEETING IN PERSON

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

### 1) TO VOTE OR GIVE PROXY ONLINE

#### To vote online:

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

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

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

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

The VOTACCESS website will be open from **9:00 a.m. on April 19, 2017 until 3:00 p.m. on May 4, 2017 (CEST)**. To avoid overloading the site, we recommend that you do not wait until the last day to vote.

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

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

If your bank or broker is not a member of the VOTACCESS system, you can give or withdraw proxy by sending an e-mail to [assembleegenerale2017@accor.com](mailto:assembleegenerale2017@accor.com). The e-mail should include your electronic signature obtained from a certification service provider in accordance with the applicable laws and regulations. You should provide your full name and address as well as the full name and address of the person to whom you are giving proxy (or from whom you are withdrawing proxy) as well as your full bank details and a scanned copy of the certificate of share ownership (*attestation de participation*) issued by your bank or broker.

To be valid, e-mail notifications of proxies given or withdrawn must be received, duly signed, at the above address by 3:00 p.m. (Paris time) on May 4, 2017 at the latest.

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

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

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

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

If you hold **registered shares**, you will automatically receive the proxy/postal voting form. If you hold **bearer shares**, you can obtain a voting form by sending a written request to your bank or broker or directly to Société Générale Securities Services, Service des Assemblées, 32, rue du Champ-de-Tir, CS 30812, 44308 Nantes Cedex 3, France. Form requests will only be honored if Société Générale Securities Services receives them no later than six days before the Meeting date, *i.e.*, by April 29, 2017.

To be taken into account, the proxy/postal voting form (together with the certificate of share ownership, or "attestation de participation", if you hold bearer shares) must be completed and received, either *via* the bank or broker or directly, to the Company or to Société Générale Securities Services at the above address no later than three days before the Meeting date, *i.e.*, by May 2, 2017.

To give proxy to a person of your choice (or withdraw a proxy), holders of registered shares should send the proxy form directly to Société Générale Securities Services and holders of bearer shares should send it to their bank or broker for onward transmission. To be taken into account, the proxy form must be received by Société Générale Securities Services at the above address no later than three days before the Meeting date, *i.e.*, by May 2, 2017.

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

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

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

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

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

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

**ACCOR HOTELS**  
 Feel Welcome  
 ACCOR  
 Société Anonyme  
 au capital de 854 303 010 €  
 Siège social : 82, rue Henri Farman  
 92130 Issy-les-Moulineaux  
 602 036 444 RCS Nanterre

**ASSEMBLEE GENERALE MIXTE  
 DU 05 MAI 2017 à 15H00**  
 NOVOTEL Paris Tour Eiffel - 61 Quai de Grenelle  
 75015 Paris

**COMBINED GENERAL MEETING  
 OF MAY 05, 2017 at 3 p.m.**  
 NOVOTEL Paris Tour Eiffel - 61 Quai de Grenelle  
 75015 Paris

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

Identifiant - Account	Vote simple Single vote
Nombre d'actions Number of shares	Vote double Double vote
Porteur Bearer	
Nombre de voix - Number of voting rights	

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

Je vote OUI à tous les projets de résolutions présentés ou agréés par le Conseil d'Administration ou le Directeur ou la Gérance, à l'EXCEPTION de ceux que je signale en notifiant comme ceci ☒ la case correspondante et pour lesquels je vote NON ou je m'abstiens.  
 I vote YES all the draft resolutions approved by the Board of Directors, EXCEPT those indicated by a shaded box - like this ☒ for which I vote NO or I abstain.

1	2	3	4	5	6	7	8	9
10	11	12	13	14	15	16	17	18
19	20	21	22	23	24	25	26	27
28	29	30	31	32	33	34	35	36
37	38	39	40	41	42	43	44	45

Out / Non/No Yes Abstain

Sur les projets de résolutions non agréés par le Conseil d'Administration ou le Directeur ou la Gérance, je vote en notifiant comme ceci ☒ la case correspondant à mon choix.  
 On the draft resolutions not approved by the Board of Directors, I cast my vote by shading the box of my choice - like this ☒

A	F
B	G
C	H
D	J
E	K

Out / Non/No Yes Abstain

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

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

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

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

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

Adresse / Address

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

Nom, prénom, adresse de l'actionnaire (les modifications de ces informations doivent être adressées à l'établissement concerné et ne peuvent être effectuées à l'aide de ce formulaire). Cf. au verso (1)  
 Surname, first name, address of the shareholder (change regarding this information have to be notified to relevant institution, no change can be made using this proxy form). See reverse (1)

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

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

à la banque / to the bank 02 Mai 2017 / May, 2nd, 2017

**Date & Signature**

In all cases, date and sign the form here.

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

## QUESTIONS

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

You may also submit **written questions** before the Meeting by sending them to the Chairman of the Board of Directors **no later than Friday, April 28, 2017**, either:

- by sending a registered letter with return receipt requested to the Chairman of the Board of Directors at AccorHotels - 82, rue Henri-Farman - 92130 Issy-les-Moulineaux, France; or
- by sending an e-mail to: [assembleegenerale2017@accor.com](mailto:assembleegenerale2017@accor.com).

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

## TEMPORARY TRANSFER OF SECURITIES

If you are temporarily holding, alone or in concert, a number of shares representing more than 0.5% of voting rights (as defined in Article L. 225-126 of the French Commercial Code), you must inform the *Autorité des marchés financiers* (AMF) and the Company no later than the second business day prior to the Shareholders' Meeting, *i.e.*, by 12:00 a.m. CEST on Wednesday, May 3, 2017, by sending an e-mail to [declarationpretsemprunts@amf-france.org](mailto:declarationpretsemprunts@amf-france.org) and [assembleegenerale2017@accor.com](mailto:assembleegenerale2017@accor.com).





## 2016 summary

# ACCORHOTELS MANAGEMENT REPORT

AccorHotels delivered **strong growth in earnings** and extended its **international reach** in 2016.

After two years of transformation that enabled the Group to streamline its businesses and consolidate its leadership through a new digital ecosystem, profitable asset restructuring and the deployment of its marketplace, AccorHotels opened a new chapter in its history in 2016 by venturing out to conquer new markets and building up its business model.

AccorHotels first of all continued its expansion in high growth areas, with **record openings of 347 hotels (81,042 rooms)**. Driven by the **acquisition of the Raffles, Fairmont and Swissôtel brands** in July 2016, the Group considerably reinforced its global leadership in the luxury hotel segment. HotelServices benefited from the market share acquired through FRHI, with an increase in EBIT of **€34 million** in the second half of 2016. AccorHotels also secured very strong development in China thanks to the **strategic partnership concluded with Huazhu** in January 2016. The Group will now benefit from the **amalgamation of the Club AccorHotels, FRHI and Huazhu brand loyalty programs**, extending its visibility to 106 million loyal members.

AccorHotels also took its model into **luxury serviced home rentals** through the acquisition of **onfinestay** and equity investments in **Squarebreak and Oasis Collections**. It is currently also negotiating with **Travel Keys** to further entrench its global leadership in this fast-growing market segment. At the same time, it has increased its visibility in the lifestyle segment, where **Mama Shelter** continues to grow successfully, launching its **Jo&Joe** brand and partnering with **25Hours**.

Lastly, the acquisition of **John Paul**, the world leader in concierge services, will enable AccorHotels to provide a broader choice of services and enhance its customer relations expertise for the benefit of customers in its hotel network and on its digital platforms. Each of the Group's acquisitions has consolidated its model, across all its businesses, segments, customer groups, brands and assets. They have brought leadership in new segments and offer valuable growth drivers for the coming years.

HotelInvest meanwhile continued to **restructure its assets at a sustained pace**, reducing the Group's **rental expense by €50 million**, thanks in large part to the **sale of 85 hotels to Grape Hospitality** in July 2016. The Group's operating margins increased by 5bp in 2016, offsetting expenses relating to the digital plan, the loyalty program and the new business lines.

Group **EBIT** was up 4.5% year-on-year, or 3.8% on a like-for-like basis, to €696 million. Despite a stable cost of debt in 2016, **net financial expense** deteriorated by **€54 million** to €125 million, including hedging costs of €46 million. **Net income Group share** was €265 million, up from €244 million in 2015.



## ACCORHOTELS FINANCIAL REVIEW

Consolidated 2016 **revenue** amounted to €5,631 million, an increase of 2.2% compared with 2015 at constant scope of consolidation and exchange rates (like-for-like).

The increase resulted from healthy business levels in most of the Group's key markets: Asia-Pacific (+5.5%), the Americas (+4.7%), Northern, Central and Eastern Europe (NCEE: +4.1%), and Mediterranean, Middle East and Africa (MMEA: +3.8%).

- Growth in the Asia-Pacific region was led by the development over the past three years of 252 hotels operated under franchise agreements or management contracts and by RevPAR growth of 4.9% in 2016.
- Despite a challenging business environment in Brazil (-2.4%), the Americas reported an improved performance, driven notably by RevPAR growth of 17.6% in Mexico.
- Eastern Europe, the United Kingdom and Germany were the main business drivers in Northern, Central and Eastern Europe, posting revenue growth of 7.6%, 4.3% and 3.7% respectively.
- Revenue fell by 2.8% in France in 2016. Business was very challenging in Paris (RevPAR: -13.2%), where demand was affected by recent events, whereas hotels outside the capital put in a solid performance over the year (RevPAR: +4.2%).

Change in revenue over the year reflects the following:

- **development, which added €418 million** to revenue and 7.5% to growth, with 81,042 additional rooms (347 hotels), of which 89% under management contracts or franchise agreements. At December 31, 2016, the HotelServices portfolio comprised 4,144 hotels and 583,161 rooms, of which 31% under franchise agreements and 69% under management contracts including the HotelInvest portfolio;
- **disposals**, which reduced revenue by €355 million and growth by 6.4%;
- **currency effects**, which had a negative impact of €136 million or 2.4%, resulting mainly from the decline in the British pound (€72 million), the Argentine peso (€16 million), the Brazilian real (€12 million) and the Egyptian pound (€8 million).

Consolidated **EBITDA** was up 5.2% year-on-year on a reported basis to €1,037 million in 2016, an increase of 4.0% on a like-for-like basis. The **EBITDA margin** improved by 0.3 points on a like-for-like basis to 18.4%.

**EBIT** totaled €696 million in 2016, compared with €665 million in 2015, an increase of 3.8% like-for-like. Growth came thanks to a strong fourth quarter, particularly in France. The Group's **EBIT margin** rose strongly to 12.4%, up 0.5 points compared with 2015 (0.2 points on a like-for-like basis), thanks to tight control of operating costs.

**Rental expense** was **€744 million** in 2016, compared with €794 million in 2015, due to the transformation of HotelInvest. **Depreciation, amortization and provision expense** was

**€342 million** over the period. After the reclassification of expenses relating to HotelInvest hotels currently in the process of being sold to profit/(loss) from discontinued operations, **rents, depreciation, amortization and provision expenses** totaled €215 million in 2016, compared with €194 million in 2015.

**Operating profit before tax and non-recurring items** – corresponding to EBIT less net financial expense plus share of profit of associates – represents the result of operations after the cost of financing Group businesses and before tax. It was €571 million in 2016, down from €605 million in 2015.

**Net financial expense** amounted to €125 million, compared with €71 million in 2015. It includes an expense of €33 million resulting from a fair value adjustment to the interest rate hedge related to the promise to purchase the Group's headquarters and an expense of €13 million related to the exchange hedge on the cash payment for the acquisition of the FRHI Group.

The **share of profit of associates** was nil, compared with income of €10 million in 2015.

**Restructuring costs** amounted to **€120 million** in 2016. They mainly include costs related to the restructuring of the FRHI Group in the amount of €69 million.

**Gains on the management of the Group's hotel portfolio** of **€79 million**, included the capital gain of €66 million on the sale of activities and hotels contributed by AccorHotels to Huazhu as part of their strategic alliance.

**Asset impairments** amounted to **€63 million** in 2016, compared with €67 million in 2015.

**Other non-recurring expenses** amounted to €89 million, compared with €75 million in 2015. This includes expenses related to the acquisition and integration of the Fairmont, Raffles and Swissôtel brands in the amount of €29 million and the implementation of the Booster project for €14 million.

The **tax expense** amounted to **€79 million** in 2016, compared with €136 million in 2015, resulting from the use of tax losses in the amount of €62 million in the United States following the consolidation of the FRHI Group. The Group's effective tax rate (current tax expense as a proportion of operating profit before tax, share of profits and losses of associates and non-recurring items) was 22.3%, compared with 29.5% in 2015.

After deducting **non-controlling interests** in the amount of €33 million, **net profit, Group share** came to **€265 million**, compared with €244 million in 2015.

This represents a €21 million increase in **net profit, Group share**. Based on the weighted average number of shares outstanding at December 31, 2016 (259,054,177), **earnings per share** was stable at **€0.88** in 2016.

## FINANCIAL FLOWS

On January 16, 2017, the Group reported that the **gross asset value of the Booster portfolio** was €6.6 billion at December 31, 2016.

**Funds from operations** rose to €868 million in 2016 from €816 million in 2015 thanks to the strong operational performance.

**Recurring development expenditure** amounted to €245 million in 2016, and **recurring maintenance expenditure** came to €297 million, representing 5.3% of Group revenue.

**Acquisitions** made in 2016 totaled **€3,523 million**. The main acquisitions were FRHI for €2.5 billion and onefinestay and John Paul for €309 million. Expenditure on hotel development totaled €399 million.

Proceeds from the **disposal of assets** were stable at **€328 million** in 2016, compared with €356 million in 2015.

The **working capital requirement** amounted to **€89 million** at December 31, 2016, compared with a working capital surplus of €72 million at December 31, 2015, reflecting the sale of 85 hotels with positive working capital to Grape Hospitality, as well as various time lags in payment of taxes and duties.

## FINANCIAL RATIOS

The Group's **recurring cash flow** amounted to **€326 million** in 2016, *versus* €341 million in 2015, due to strong business volumes that were up €48 million and an €87 million increase in development spending.

**Net debt** totaled **€1,488 million** at December 31, 2016, an increase of €1,682 million year-on-year, resulting mainly from the acquisitions of FRHI, onefinestay and John Paul.

At December 31, 2016, the **cost of the Group's debt was at a record low of 2.85%**, *versus* 2.89% at December 31, 2015. In January 2017, AccorHotels issued a €600 million seven-year bond with a coupon of 1.25%, thereby further lowering the **cost of the Group's debt to 2.57%**.

AccorHotels also has an **unused €1.8 billion confirmed long-term line of credit**.

## ANALYSIS OF RESULTS BY STRATEGIC BUSINESSES

### HOTELSERVICES

At December 31, 2016, the Group had a portfolio of 4,144 hotels and 583,161 rooms, and a development pipeline of nearly 171,000 rooms.

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

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

and sales and marketing fees paid by franchisees, as well as a management fee corresponding to a percentage of EBITDAR and, in some cases, a performance-based incentive fee paid by the owner.

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

**HotelServices' business volume** was up 20% on a like-for-like basis following the acquisition of the FRHI Group, which generated revenue of €1.9 billion in the second half of 2016, with record organic development of 37,713 rooms.

**HotelServices' revenue** amounted to €1,567 million, half of which was derived from management and franchise fees, while 36% came from the Sales, Marketing & Distribution Fund.

**HotelServices' EBITDA** came to €450 million in 2016. The **EBITDA margin** narrowed to 28.7%, compared with 29.8% in 2015, due to weaker performances in France and Brazil. This trend also reflects commitments related to the pursuit of the digital plan and transactions carried out in new businesses.

**HotelServices** recorded **EBIT** of €393 million, an increase of 4.5% like-for-like. The **EBIT margin** narrowed by 1.8 points to 25.0%.

The **EBITDA margin** of the management and franchise business was up 0.5 points at 54.6%, illustrating the resilience of the HotelServices model and the increase in economies of scale.

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

## HOTELINVEST

HotelInvest continued its transformation at a good pace. This was reflected in the €198 million decrease in **revenue** stemming chiefly from the sale of assets, notably to Grape Hospitality, which accounted for €108 million.

**HotelInvest's EBITDAR** improved by 0.3% like-for-like to €1,376 million.

The **EBITDAR margin** increased by 20 basis points to 29.8% on a stable portfolio structure. Business volumes in Europe, notably in Germany and Spain, offset the difficulties encountered in the French and Brazilian markets.

**EBITDA** amounted to €663 million, compared with €654 million in 2015. The **EBITDA margin** increased by 0.8 basis points to 14.4%.

Despite a complex business environment, **HotelServices** posted record **EBIT** of €385 million, a sharp 3.9% increase like-for-like. This result means that the **EBIT margin** has doubled in the space of three years, from 4.1% in 2013 to 8.3% in 2016 (up 0.5 points compared with 2015). The increase is attributable to sustained hotel business, notably in the United Kingdom and Germany, and to HotelInvest's transformation.

**Recurring maintenance expenditure** was stable at €220 million.

In other activities, the decrease in the **EBIT margin** was attributable to the integration of the new Fastbooking, onefinestay and John Paul businesses.

**HotelServices** had an excellent year in terms of operating performance, with a return to brisk growth in the hotel portfolio (347 hotels and 81,042 rooms) and an increase in the pipeline to a record 171,000 rooms. With 32 million members in the AccorHotels Club plus the loyalty programs of FRHI (4 million members) and Huazhu (70 million members), AccorHotels now leverages a loyal customer base of 106 million members.

Consequently, **net operating income (NOI)**, which corresponds to EBITDA after recurring maintenance expenditure, was stable at 66.8%. The share of owned hotels contributing to NOI increased further to 63% in 2016, up from 61% in 2015 and 56% in 2014.

**Recurring development expenditure** increased by 42% in 2016, in large part due to the new hotel development program.

In 2016, **148 hotels** were restructured, of which **96 hotels** under leases and **52 hotels** under direct ownership. The Group also sold 85 hotels to Eurazeo in Europe, and secured the restructuring of a portfolio of 31 hotels (4,097 rooms) in Australia with a subsidiary of the Abu Dhabi Investment Authority (ADIA).

These transactions had the effect of reducing net debt by **€265 million**.

**HotelInvest's gross asset value**, which corresponds to the fair value of the business assets of all the hotels regardless of how they are operated, plus the fair value of the real estate of owned hotels, was **€7.6 billion** at end-December 2016, compared with €6.9 billion at end-December 2015. Driven by acquisitions and development in the amount of €0.6 billion, HotelInvest's gross asset value has increased by 68% since the end of 2013.

## STRATEGIC VISION AND OUTLOOK

### A COMPLEX AND CONTRASTED ENVIRONMENT

In a mixed economic environment shaped by strong growth in Europe and emerging markets but a troubled climate for tourism in France and depressed economic conditions in Brazil, the Group owes its strong operating and financial performances to the positive effects of the transformation plan implemented over the past three years.

In 2016, a certain number of major transactions were carried out to strengthen the Group's historical businesses and expand its strategic business areas. Following the trajectory established in 2015, the Group's strategic objectives for the year – supported by several large-scale projects – were as follows:

- pursue an ambitious development plan across all segments and geographies;
- enhance AccorHotels' attractiveness as a hotel operator and franchiser among hotel owners and move up a gear in the digital transformation strategy;
- increase the value created by HotelInvest's asset portfolio;
- invest in new travel-related businesses, focusing on the collaborative economy;
- prepare HotelInvest's spin-off into a subsidiary in the first half of 2017.

The Group's business was affected by various uncertainties in 2016, particularly in its key markets. These uncertainties also weighed on the European travel industry's performance and negatively impacted the share prices of companies operating in the sector. In particular, the perception of security that is essential for the tourist and hospitality markets to flourish, particularly for Asian customers, has been undermined over the past two years and is expected to continue to impact demand in 2017.

At the same time, a vast number of opportunities have opened up for the Group thanks to the digitization of tools, activities or services, a transformational process that the industry took to with gusto as a driver of further value creation. The acquisitions carried out during the year, of the FRHI Group (Fairmont, Raffles and Swissôtel brands), onefinestay, Squarebreak, John Paul and others, all signal the Group's clear determination to move faster to consolidate its strengths and complete its transformation, by seizing new growth opportunities at a time when the hotel industry is completely reinventing itself.

The industry is currently undergoing a process of rapid consolidation in response to the core challenges of how to deepen geographic and segment coverage, develop the brand portfolio and hotel assets, and also how to increase customer loyalty and create synergies. AccorHotels intends to take full advantage of these transformations to further extend its global leadership, step up the pace of business growth and deliver the best results.

The travel industry is set to continue growing rapidly over the next ten years. International tourist arrivals increased by 3.9% in 2016 and the World Tourism Organization predicts a similar growth rate this year, at between 3% and 4%. Central bank policies should guarantee the continued availability of cheap liquidity, enabling the Group to maintain its growth dynamic.

The Group's business model was significantly enhanced in 2016 and, in addition to its existing positions, AccorHotels now also ranks as a major player in the global luxury hotels market and a leader in the luxury serviced home rental market. Thanks to a strategy built on consistent choices, the Group is becoming a leading mobility enabler and will focus this year on the following strategic objectives:

- continue to grow the hotel and home rental businesses;
- enrich the brand portfolio and pursue the deployment of digital technology;
- reinvent hotel food and beverage services and reboot the Group's culture;
- spin off AccorInvest into a subsidiary and sell the business (Booster project);
- expand the business model to include convenience services (AccorLocal project).

Each of these areas is a genuinely defining driver for the Group, for its performance today and, even more, tomorrow.

## ACCORHOTELS, A WINNER IN A SECTOR UNDERGOING RAPID TRANSFORMATION

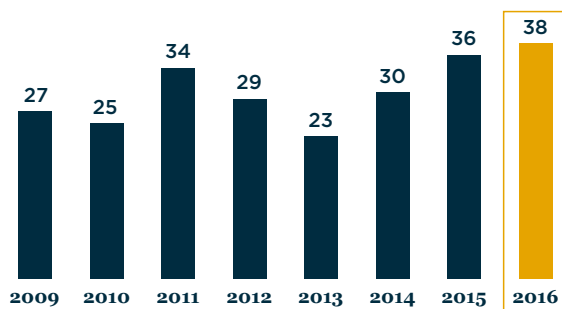
In line with the trajectory established in 2015, the Group's transformation continued at a brisk pace in 2016, in a complex global economic environment comprising threats as well as opportunities. Its development and substantial existing hotel base are essential assets to support the Group's current and future growth.

### RECORD DEVELOPMENT, SERVING GROWING GLOBAL DEMAND

#### A rapidly expanding hotel base

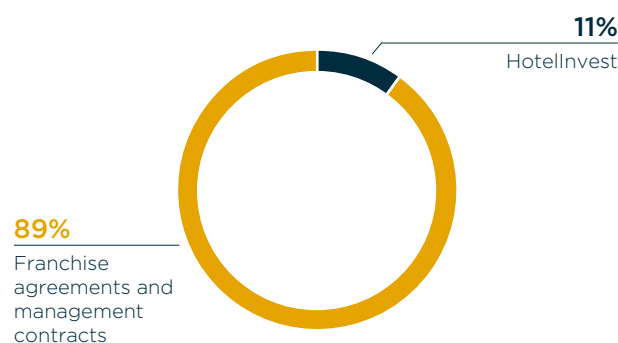
AccorHotels opened a record 347 hotels in 2016, adding 81,042 rooms worldwide. The total included not only the 118 hotels and 43,652 rooms included in the FRHI acquisition (Fairmont, Raffles and Swissôtel brands) but also a record 38,000 rooms under the organic growth program.

#### Record organic growth (gross, in thousands of rooms)

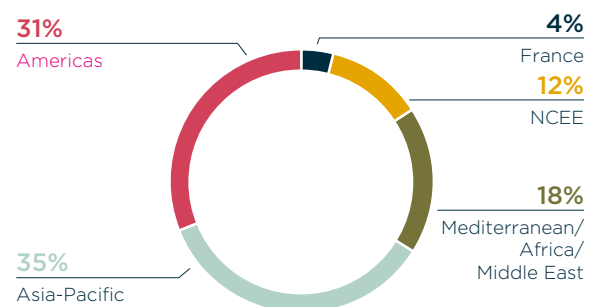


In all, as of December 31, 2016, the hotel base comprised 4,144 hotels and 583,161 rooms.

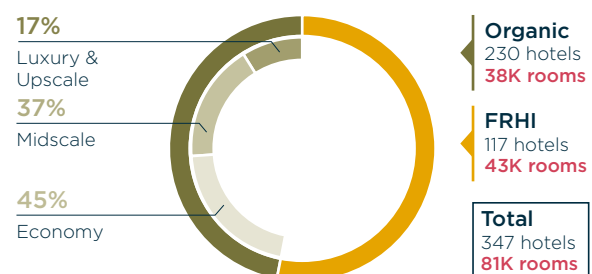
In line with the Group's growth strategy, franchise agreements and management contracts accounted for 89% of this development, which represented more than two hotel openings every three days and 100 rooms per day, while leased hotels represented 9% and owned hotels 2%.



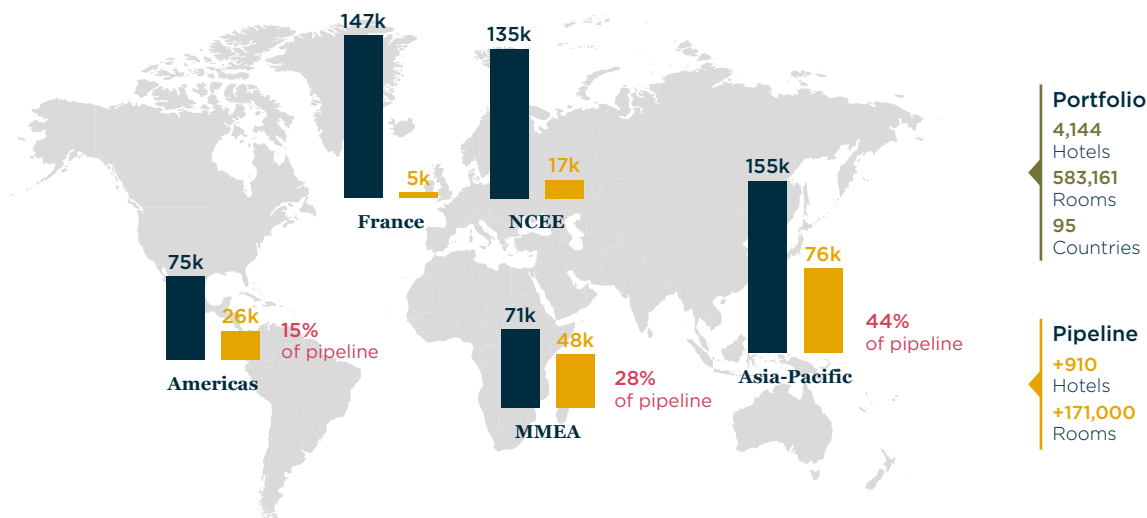
Of these openings, 84% were outside Europe, with 35% in the Asia-Pacific region, 31% in the Americas and 18% in the Mediterranean, Africa, Middle East region. New hotels were opened in all market segments, in the same proportions as in prior years, with half in the ibis family which confirmed its strong potential throughout the world, a third in the midscale segment and the rest in the luxury segment where the Group acquired strategic market shares, particularly in North America, with the integration of the Fairmont, Raffles and Swissôtel brands.



#### Total growth breakdown (gross, in thousands of rooms)



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



## Robust development in China, supported by Huazhu

The Group's development in China was excellent, thanks to the strategic alliance with Huazhu signed in January 2016. Moving up a gear in this market, AccorHotels signed contracts with 70 hotels during 2016 and began negotiations with a further 150, mainly in the economy and midscale segments.

One thousand of the Group's hotels can now be booked *via* the Huazhu distribution platforms and 180 Huazhu hotels can be booked *via* the accorhotels.com platform.

## Stronger leadership in Brazil

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

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

This portfolio of hotels owned or managed by Brazil Hospitality Group (BHG), the country's third-largest hospitality group, represents a very good strategic fit with the current AccorHotels network in Brazil. Its acquisition extends the Group's leadership in all segments of the Brazilian market.

Acquired at a cost of BRL 200 million (€60 million), the hotels will be extensively refurbished and repositioned. They will be transferred to AccorHotels banners between now and 2019 under long-term management contracts.

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

## Further growth in the pipeline, supported by acquisitions and strategic partnerships

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

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

As of December 31, 2016, the development pipeline comprised a record 910 hotels (171,000 rooms), with just under 90% in fast-growing markets and 44% in the Asia-Pacific region. Representing the equivalent of 30% of the existing hotel base, the Group's development is focused on five new brands and on segments where AccorHotels was not previously present, offering new growth opportunities and a sustained pace of growth in coming years:

- FRHI in the luxury segment;
- Banyan Tree in the luxury resort segment;
- 25hours in the luxury lifestyle segment;
- Jo&Joe in the economy lifestyle segment.

## A SOLID GLOBAL PRESENCE THAT BENEFITS FROM A WORLDWIDE SHORTAGE OF HOTELS

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

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

This is particularly the case because growth in the global hotel base will necessarily be restricted to around 2 to 2.5% per year due to the time needed to complete construction work, meaning that global demand will automatically outstrip supply for some time to come.

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

## HOTEL INDUSTRY CONSOLIDATION

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

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

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

International hospitality groups cannot just cover the most dynamic regions; they need to deepen their presence in these regions by establishing the banners that are most closely aligned with guest profiles and demand. AccorHotels is currently the market leader in Europe and the hospitality group with the deepest presence in emerging markets in the Asia-Pacific, Africa-Middle East and Americas regions. Moreover, by opening its marketplace to independent hotels, the Group is able to favorably increase its influence in the most dynamic regions.

In addition to covering more geographic markets, the hospitality groups with large brand portfolios cover a wide variety of segments; they are able to diversify their offers and propose a personalized guest experience. The Group has chosen to position AccorHotels as the customer's travel companion by maximizing hotel comfort and developing digital, cultural and other services to facilitate their stay.

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

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

Benefiting from these strengths, AccorHotels took part in the process of industry concentration in 2016 by acquiring the FRHI Group (Fairmont, Raffles and Swissôtel brands) and intends to launch further initiatives in the coming months.



## CONSOLIDATING THE ACCORHOTELS HOSPITALITY BUSINESS MODEL

### STRENGTHENING OF THE LUXURY BRAND PORTFOLIO: ACQUISITION OF THE FAIRMONT RAFFLES HOTELS INTERNATIONAL GROUP

AccorHotels now owns the three iconic Fairmont, Raffles and Swissôtel brands, their acquisition by the Group having been approved by its Shareholders' Meeting on July 12, 2016. This acquisition positions AccorHotels as a leading player in the global luxury hotel business, giving it a portfolio of 154 new luxury hotels, including 40 in the pipeline. It also gives the Group a much broader footprint in the North American market.

The FRHI Group's hotels and resorts are located in 40 countries worldwide, including the world's major tourist destinations, particularly in the United States, the leading outbound travel market.

With nearly 500 luxury and upscale hotels, AccorHotels stands to rank as one of the best global players in this critical segment in terms of international reach, development potential and profitability.

The acquisition offers numerous growth and value-creation drivers:

- enhanced databases, providing more granular knowledge of new high value-added guest-bases, at a time when guest retention has become a critical factor in managing growth;
- an enhanced brand portfolio, with strong and very prestigious new brands that are a good strategic fit with the Sofitel, Pullman and MGallery brands;
- geographical diversification of the Group's business base with a gateway to North and South America offering access to a loyal, high value-added clientele.

The acquisition has rebalanced the Group's brand architecture in favor of the luxury/upscale segment, which now accounts for 35% of HotelServices management fees *versus* 15% previously (with the economy segment accounting for 40% and the midscale segment for just under 30%).

This geographic diversification across all market segments should make AccorHotels better armed against a challenging geopolitical context, with growth opportunities in promising markets compensating for more difficult conditions in other markets.

AccorHotels expects the acquisition of the FRHI Group to generate approximately €65 million in revenue and cost synergies from combining brands, distribution platforms and loyalty programs. The acquisition, which was paid for with a combination of cash (\$840 million) and stock (46.7 million shares), also consolidated the Group's shareholder base through the issue of shares to two new investors that are specialists in the global hotel industry.

At December 31, 2016, 20 new contracts had already been signed by AccorHotels teams, illustrating both the success of FRHI's integration into the Group and the stepped-up pace of its development.

The Group also expanded its position in the luxury resort market.

### EXPANSION OF THE BRAND PORTFOLIO TO INCLUDE LUXURY RESORTS

AccorHotels has forged strategic partnerships with Banyan Tree and Rixos Hotels, illustrating the Group's expansion strategy in the upscale and luxury segment of the hospitality market, with a particular focus on international resorts.

#### Strategic partnership with Banyan Tree

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

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

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

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

#### Strategic partnership with Rixos Hotels

Thanks to this new partnership, AccorHotels has become one of the leading resort operators in a fast-growing market and has added attractive leisure destinations to its offer. AccorHotels and Rixos Hotels will jointly develop and manage Rixos-brand resorts and hotels throughout the world.

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

Combining traditional Turkish hospitality, a unique spa experience in an idyllic setting and a luxury atmosphere, the Rixos Hotels resorts are renowned for the exceptional quality of their infrastructure, food and beverage offers and leisure activities. Each establishment is a blend of local traditions, brand-specific experiences and exceptionally high quality bespoke services.

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

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

On completion of the transaction, the Group will own a 50% stake in the new structure.

These strategic alliances help to raise AccorHotels' profile and create a more balanced brand portfolio. They also provide a gateway to previously unexplored markets, in the same way as Jo&Joe and 25hours in the lifestyle segment.

## EXPANSION OF THE BRAND PORTFOLIO TO INCLUDE THE LIFESTYLE SEGMENT

The decision to strengthen AccorHotels' position in the lifestyle segment was motivated by the Group's desire to refresh its image among guests and target a younger clientele than those served by its traditional brands.

### Creation of the Jo&Joe brand

Developed by the Group, the Jo&Joe brand extends the economy brand portfolio with the addition of a made-to-measure solution for the international community of Millennial-minded trend-setters revolutionizing the market. Developed jointly with future guests who are overturning traditional hospitality codes, Jo&Joe blends the best aspects of self-catering accommodation, youth hostels and hotels with disruptive design codes, food and beverage propositions and guest experiences.

Jo&Joe has been a big success among franchisees. Unveiled in 2016, the brand opened its first address in March 2017 and will open two more in 2018.

The Group's ambitious development plan for the brand provides for the opening of 50 addresses by 2020 in the most sought-after destinations for Millennials, in bustling city-center locations close to public transport and major points of interest.

As of today, 19 hotels are in the pipeline and a further 30 are under discussion.

Jo&Joe is an Open House living space that encourages guests to interact and share a moment of their lives in appealing indoor and outdoor communal spaces. Designed for people who embrace interaction, spontaneity and experience, Jo&Joe Open Houses combine unexpected design, a digital ecosystem and an unconventional food and beverage offer.

The brand's objective is to diversify the guest experience and generate additional revenues for the Group. To this end, the Open Houses will welcome both guests ("Tripsters") and local residents ("Townsters") who have chosen to make Jo&Joe their base.

In the same vein, AccorHotels has entered into a strategic partnership with upscale chain 25hours Hotels, a good strategic fit with Mama Shelter in the economy segment.

### Acquisition of a stake in 25hours Hotels

The Group's objective in acquiring a 30% stake in 25hours Hotels was to accelerate the brand's global expansion.

25hours Hotels currently operates seven individual hotels and has another five in the pipeline that will open in the next two years.

The brand has been looking to expand beyond its home market to other European locations for some time, and is now also targeting long haul destinations. With a hotel concept focused on individuality, authenticity and personality, 25hours Hotels provides contemporary answers to the cosmopolitan urban traveler's desire for a like-minded hospitality solution. Offering a great workplace for urban nomads, 25hours Hotels are an ideal spot for travelers to meet people and immerse themselves in cosmopolitan cities, and to enjoy a service offer delivered with great charm and personality.

Through this partnership, AccorHotels will support the brand's long-term growth and help step up the pace of its development with the opening of new addresses in strategic locations, starting with Paris.

The lifestyle hotel concept couldn't be further from the traditional hotel concept. To fully leverage the opportunities offered by this new and exciting segment offering considerably potential for growth, AccorHotels has created a new Lifestyle Brands unit.

Jo&Joe and 25hours will help to raise the Group's visibility and enhance the brand profile in one of the fastest-growing segments of the hospitality market, while also expanding the guest base.

With a unique identity and specific positioning, each brand has its own space and growth opportunities. This extension of the brand portfolio has been engineered at a time when new players that do not own or operate hotels are entering the hospitality market with a business model based on putting travelers in contact with hosts on the Internet.

## THE INDUSTRY'S DIGITAL TRANSFORMATION, AND ITS NEW PLAYERS

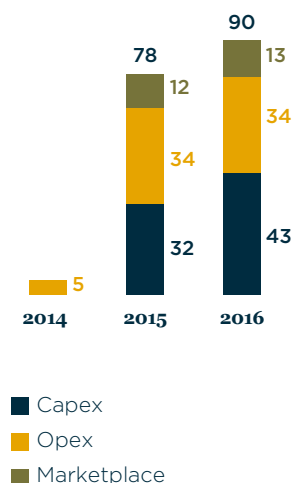
### A PERTINENT DIGITAL PLAN OFFERING A RESPONSE TO INDUSTRY CHALLENGES

Digital technology has been driving innovation at the very heart of the hotel and travel industry for several years. That's why the digital plan was introduced in October 2014. The aim of this five-year €225 million investment plan was to usher in a profound digital transformation within the Group, to consolidate its leadership across the guest experience value chain (see the 2015 Registration Document, pages 18 and 196).

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

As of December 31, 2016, a total of €173 million had been committed (€75 million for investments, €73 million for operating expenses and €25 million for the marketplace), of which €5 million in 2014, €78 million in 2015 and €90 million in 2016, and work under the plan was nearly 70% complete.

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



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

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

### THE EMERGENCE OF DIGITAL PLATFORMS

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

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

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

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

### MORE BALANCED REGULATION OF THE HOTEL OFFER

The commission-based digital platforms can generate between 7% and 20% of a hospitality groups' total sales. As a consequence, the key challenge for hospitality groups is to increase their direct sales *via* their hotels or websites.

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

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

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

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

referred by these platforms, who would not otherwise have chosen one of its hotels, into loyal customers of the brand by making them want to make their future hotel bookings directly through the Group rather than via online agencies.

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

## LE CLUB ACCORHOTELS: LOYALTY AS A GROWTH DRIVER

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

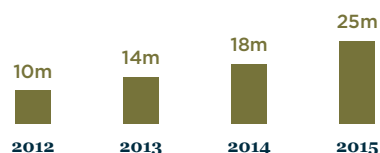
A loyal guest who has signed up as a member of Le Club AccorHotels is generally more active and generates more revenue for the Group. Cardholders proportionally consume more than other guests because they can redeem their loyalty points, which tends to encourage consumption.

With this in mind, loyalty programs have been substantially recast over the past three years, leading to a 73% increase in the number of cardholders between 2014 and 2016 with more than 7 million additional cardholders signed up over the period. This was more than double the average number observed in prior years, which ranged from 3 to 4 million, and was achieved exclusively through organic growth.

The Group's various loyalty programs – Le Club AccorHotels but also the programs operated by the Raffles, Fairmont and Swissôtel brands and the program of Huazhu, the Group's strategic partner in China – represent a wealth of opportunities to raise the Group's visibility among the 106 million cardholders, including 70 million in China, through earn-and-burn and other benefits.

**30%**

Le Club AccorHotels  
contribution  
(in total room sales)



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

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

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

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

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

## **THE ACCORHOTELS.COM MARKETPLACE, AN INFLUENTIAL GATEWAY TO THE ACCORHOTELS NETWORK**

FastBooking, a company specializing in digital services for hotel operators, serves as the marketing platform for the accorhotels.com marketplace launched in June 2015.

The Group's hotels around the world already featured on the FastBooking platform prior to its acquisition, and since June 2015, the platform has been opened up to a growing number of carefully selected independent hotels.

Since it was launched a year-and-a-half ago, accorhotels.com has already signed up 1,800 hotel operators worldwide, and 2,200 independent operators are poised to join the marketplace in the very near future. The platform's openness to non-Group brands not only increases the Group's revenue by generating commission income, it also strengthens the Group's influence with independent hotel operators and their customers. Bearing in mind that independent hotels account for a large majority of global supply, it is clear that this is a critical challenge.

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

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

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

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

FastBooking is also continuing to expand its range of digital services dedicated to independent hotels. In March 2016, it signed a partnership agreement with TrustYou to help these operators to guide travelers' choices and bookings. These new services will allow hotel operators to improve their online reputation and to build both their online visibility and direct distribution strategy.

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

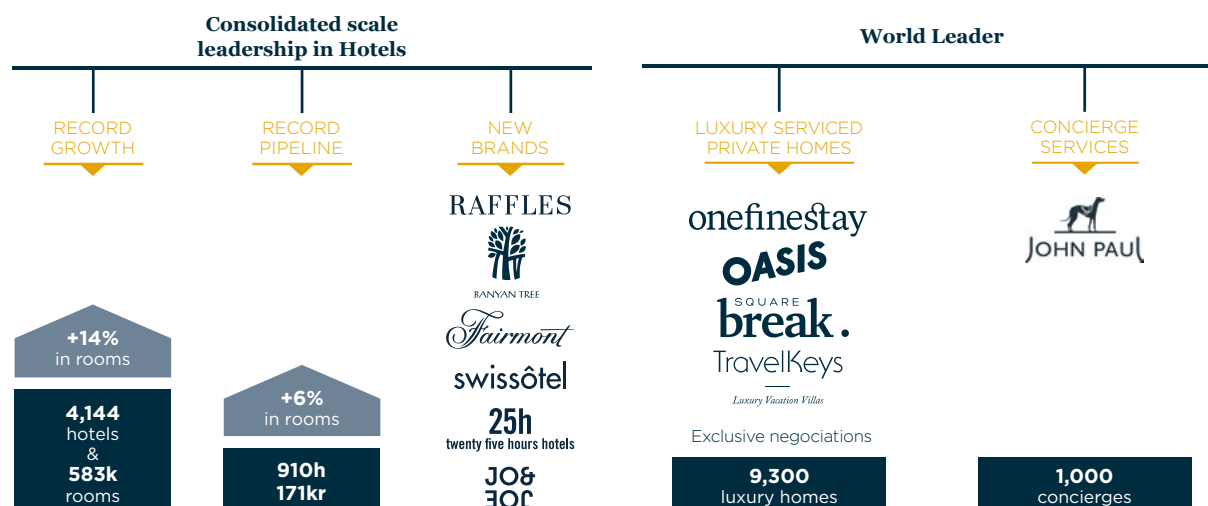
Competition between the traditional economy and the collaborative economy, which includes digital platforms, is being waged in the private rental market rather than the hotel market. Some platforms simply put people looking for accommodation in contact with people who can provide it, without providing any other services, while others enhance the relationship by offering additional services.

This new trend - which is akin to offering basic hotel services without being a hotel - has come to be seen as a diversification and growth opportunity for AccorHotels, leading us to make a certain number of investments in the collaborative economy in 2016.

## EXPANDING THE ACCORHOTELS HOSPITALITY BUSINESS MODEL

### DIVERSIFICATION INTO LUXURY SERVICED HOME RENTALS

In 2016, AccorHotels expanded its strategic business base by acquiring stakes in several luxury home rental platforms. These transactions were guided by the Group's decision to invest in the luxury end of the home rental market and to offer packages that include a high quality hotel service offer.



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

#### Acquisition of a stake in Squarebreak

AccorHotels started by acquiring a 49% strategic stake in Squarebreak, a startup offering upscale home rental properties (representing the owners' second homes) in resort locations, primarily in France, Spain and Morocco.

With this investment, the Group is supporting Squarebreak in its development, while at the same time acquiring experience in this new hospitality and travel proposition.

#### Acquisition of a stake in Oasis Collections

AccorHotels also acquired a 30% stake in Oasis Collections, the US company that pioneered the "Home meets Hotel" concept, a new category of accommodation combining the value-for-money and authenticity of private rentals with high-quality hotel services provided by Oasis (on-site concierge, access to exclusive clubs, etc.).

The Oasis Collections comprise 1,600 properties spread across 18 business and leisure destinations in Latin America, the United States and Europe. The average stay is around 20 days. These homes are buy-to-let investments for their owners.

#### Acquisition of onefinestay

The Squarebreak and Oasis transactions were followed by the acquisition of the entire capital of onefinestay for €148 million, with investments totaling €64 million planned to accelerate the company's international development.

The company currently manages, on an exclusive basis, a portfolio of 2,600 homes located in the most sought-after districts of London, New York, Paris, Los Angeles and Rome. The portfolio's total real estate value is estimated at more than £4 billion. Combining the best homes with the finest service, onefinestay has become the world's leading luxury serviced home rental brand, offering hotel services provided exclusively by onefinestay employees.

It is the most highly integrated platform model and the most closely aligned with the Group's luxury hotel operations. This addition to the AccorHotels offer will allow families who have traditionally stayed in the Group's luxury hotels during their travels, often booking several rooms, to rent *via* onefinestay an apartment accommodating the same number of people for less. It is undeniably a new form of service, adding another possibility for customers already familiar with the Group's luxury hotels, to enjoy the same quality of service as in a hotel, but in a very different and unique environment.



Building on its strengths, onefinestay plans to roll out an ambitious strategy to expand to 30 new cities around the world over the next five years, growing revenues tenfold. AccorHotels will support onefinestay's development by contributing its know-how as a world-leading hotelier, its powerful distribution capacity, strong customer base, global presence, incremental synergies and recognized expertise in digital operations.

Integration of onefinestay has already begun and is already delivering benefits. In 2016, the Group reorganized the management team and addressed four priorities:

- optimizing average revenue per booking (achieving a +20% increase in 2016);
- optimizing the operating model (by extending the average stay and improving margins in the four original cities);
- increasing direct distribution;
- increasing the number of locations (Rome was added in June and Miami in November).

For 2017, the objective is to double the number of cities, with the addition of new locations in Europe and the United States. Another priority will be to unleash synergies with the Group, particularly in the area of distribution.

### Exclusive negotiations for the acquisition of Travel Keys

AccorHotels also began exclusive negotiations with Travel Keys, one of the world's leading luxury home rental companies, on February 6, 2017, with a view to finalizing an agreement in the second quarter of the year.

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

The combination of Travel Keys with onefinestay and Squarebreak will provide AccorHotels with a unique, carefully selected offering of about 8,500 addresses in the luxury private rental market, in both vacation and urban settings.

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

In addition to consolidating its leadership in the luxury private rentals market, the Group has also acquired 80% of John Paul, the world's leading concierge service provider, in a transaction that will be critical to the transformation of AccorHotels' business model to include convenience services.

## DIVERSIFICATION INTO CONVENIENCE SERVICES

Not only does AccorHotels keep pace with the trends that are shaping the industry, the Group also invents its future by coming up with drivers of future growth and value creation.

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

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



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

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



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

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

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

## Acquisition of John Paul

Founded in Paris in 2007, John Paul merged with US-based LesConcierges in 2015 to create the world's leading premium customer and employee loyalty services provider. John Paul's 1,000 highly skilled employees trained at the world's best luxury hotels are dedicated to responding to their customers' requests, from the simplest to the most extravagant.

With a network of over 50,000 partners, powerful proprietary Customer Relationship Management (CRM) software, and a data management platform that includes behavioral profiling and 360° personalization applications, the company offers comprehensive and innovative loyalty solutions in a wide variety of industries.

The acquisition will enable AccorHotels to immediately enhance its CRM expertise for the benefit of the guests of its hotel network and users of its digital platforms, but also to enhance the array of service offers that the Group intends to propose more widely in the near future.

The Group's aim is to place travelers at the center of its concerns in order to treat them to the best experience before, during and after their stay. John Paul has already taken over responsibility for the AccorHotels Customer Care program, with the future aim of offering the Group's customers an unrivaled service, better than any of its competitors, and generate new service revenues.

## AccorHotels' future model

The Group's ambition is to build on the hospitality principle by rolling it out along three complementary vertical lines.



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

But the two new business lines will quickly become additional growth drivers, contributing around 30% of consolidated profit within the next five years according to Group estimates.

- The first, which is currently in the consolidation phase, is dedicated to travel and comprises luxury home rental and the marketplace offering all of the Group's accommodation solutions. The luxury serviced home rental business is being deployed through onefinestay, Squarebreak, Oasis and shortly Travel Keys. It will be ramped up in the coming years by consolidating their dominant market positions, stepping up the pace of their development and growing their market shares. This business reflects changing customer behaviors, particularly in the leisure area, with the success of digital platforms attesting to the shift in demand towards rental options. The Group's recent acquisitions in

the luxury home rental segment have already positioned AccorHotels as a market leader, with 8,500 idyllic homes in the portfolio, and further acquisitions will be made in the coming months and years.

- The second, still in the planning phase, will offer convenience services to people living close to the 4,000 hotels operated under Group banners or visiting the neighborhood. These convenience services, to be provided in all of the Group's host countries worldwide by John Paul, will be offered in the hotels or as digital solutions. The resulting ecosystem will be 100% customer-centric, in line with AccorHotels' absolute commitment to offering customers the best possible service. Several hundred million city-dwellers pass in front of the Group's hotels every day but only a few million of them cross the threshold as customers. Offering them concierge services extremely well managed by John Paul will enable the hotels to broaden the scope of their activities, taking advantage of the fact that they are open around the clock to offer many more services.

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

The acquisitions for the year (Wipolo, FastBooking, onefinestay, Squarebreak, Oasis and John Paul), the additions to the brand portfolio (Fairmont, Raffles and Swissôtel), development of the Jo&Joe and 25hours lifestyle brands, and development in the luxury resort segment through the alliances with Banyan

Tree and Rixos Hotels, represent forces for change that will support the Group's current transformation and make it stronger, more present in its customers' lives, more profitable and capable of creating even more value.

The divestment of a majority of the capital of HotelInvest will give the Group additional resources to complete its strategic shift more rapidly.

## TRANSFORMATION OF HOTELINVEST, SPIN-OFF INTO A SUBSIDIARY AND DIVESTMENT

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

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

Determined by aggregating its various portfolios, HotelInvest's gross asset value, corresponding to the fair value of the hotel properties owned outright and the value of all the hotels' goodwill, whatever the operating method, is a reliable estimate of its fair value. The increase in this value, reflected in the increase in gross asset value from €4.5 billion to €7.6 billion in the past three years (an increase of 68% since end-2013), has also resulted from the acquisition, restructuring and intrinsic performance of these hotels.

In line with its strategy of optimizing cash flows and reducing the volatility of its earnings, HotelInvest restructured 148 hotels in 2016, of which 96 leased hotels and 52 hotels owned outright.

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

### SALE OF A PORTFOLIO OF 85 HOTELS IN EUROPE

In July 2016, HotelInvest sold a portfolio of 85 European hotels in the economy and midscale segments to the newly created Grape Hospitality hotel platform that is 70% owned by Eurazeo and 30% by AccorHotels.

The hotels were sold to Grape Hospitality for €504 million. They included hotels in France (61 units), Spain, Italy, Portugal, Germany, Austria, Belgium and the Netherlands

All of the hotels are being extensively refurbished and will remain under AccorHotels brands *via* franchise agreements.

### RESTRUCTURING OF A PORTFOLIO OF 31 HOTELS IN AUSTRALIA

In December 2016, AccorHotels announced the signing of an agreement with a subsidiary of the Abu Dhabi Investment Authority (ADIA) to restructure a portfolio of 31 hotels (4,097 rooms) currently operated by AccorHotels in Australia.

In line with HotelServices' strategy, under the terms of the agreement:

- 15 triple-net leases will be converted into 50-year management contracts and the management contract of an additional hotel will be extended to 50 years (*i.e.* a total of 16 hotels);
- HotelInvest will acquire the 15 remaining hotel properties owned outright and operated under the ibis and ibis Budget brands for around AUD\$200 million (€137 million).

These hotels operated under the Pullman, Novotel, Mercure, ibis, ibis Styles and ibis Budget brands cover the whole country, with units on prime sites in Sydney and the Australian capital Canberra, and in New South Wales, Victoria, the Northern Territory, Western Australia and Queensland.

The acquisition of economy hotels in strategic locations strengthens the Group's growth strategy based on a selective portfolio of profitable hotel assets. The agreement enables HotelInvest to optimize its cash flow generation, reduce earnings volatility and convert leased hotels to hotels under management contracts or owned outright. It also strengthens HotelInvest's leadership of the Australian market by locking in leases for strategic assets.

## **SALE OF A PORTFOLIO OF 62 HOTELF1 UNITS IN FRANCE, RESTRUCTURING OF 102 HOTELF1 UNITS AND BRAND REVIVAL PLAN**

In March 2017, AccorHotels announced plans to revive the hotelF1 brand in France by selling a portfolio of 62 hotelF1 units and restructuring 102 units.

The plan to sell 62 units – of which 7 owned outright and 55 leased from Silverstone – to Société Nationale Immobilière (SNI), part of the Caisse des Dépôts et Consignations Group, has been submitted to employee representatives for comment.

At the same time, in line with the portfolio optimization strategy, HotelInvest plans to become the majority shareholder of the vehicle that holds the remaining 102 hotelF1 assets. To this end, HotelInvest will underwrite a €51 million share issue, with the funds used to finance a three-year hotel refurbishment plan and an ambitious brand revival plan.

## **SPIN-OFF OF HOTELINVEST INTO A SUBSIDIARY, ACCORINVEST**

After a three-year process of radical transformation during which AccorHotels restructured and developed two business lines that are currently delivering record results, the Group believes that the time is now right, in the interests of both businesses and their respective development, to spin off HotelInvest into a subsidiary – AccorInvest – and sell a majority of its capital.

The many AccorInvest portfolio restructuring operations undertaken since 2013 have significantly increased the business's profitability and value. Between 2013 and 2016, its gross asset value increased from €4.5 billion to €7.6 billion, and the profitability of the portfolio improved significantly, with operating margin reaching 8.3% in 2016 (*versus* 4% in 2013). While this represents a spectacular improvement in the space of three years, the Group is confident that by leveraging the business's future growth potential, its EBITDA margin can be lifted from 15% in 2016 to 25% over the next four years and the gross asset value of the portfolio can be increased from €6.6 billion at the end of 2016 to €10 billion by 2021.

By being sold outside the AccorHotels Group, AccorInvest will gain in independence, enabling it to embark on a period of faster growth focused exclusively on its own interests. Its financial resources, profits and growth will now be fully concentrated on its own business model.

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

- ongoing restructuring, with some portfolios still subject to variable-rent leases for which solutions are currently being sought;
- hotel repositioning operations, with a major capital spending budget earmarked for bringing many hotels into compliance with current market standards based on their location, changes in local supply and the potential offered by each market. AccorInvest already has a detailed capital spending plan for each hotel concerned;
- renewed development momentum, supported by hotel building and purchase plans.

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

As of end-March 2017, the spin-off of HotelInvest into a subsidiary was proceeding in accordance with the timeline drawn up in the summer of 2015:

- The legal, tax and employee-related processes are in progress and the new legal entity will be created during the second quarter of 2017. Discussions with employee representatives are going smoothly in a climate of mutual respect.
- The financing is well on the way to being arranged. AccorHotels is currently in discussions with some fifteen international banks, notably to finance the roughly €2 billion debt facility to be taken on by AccorInvest.
- Discussions with AccorInvest's future shareholders are proceeding according to plan. The Group has received strong expressions of interest from a satisfactory number of long-term world-class investors.
- These investors view AccorInvest as an attractive growth vehicle and value the quality of AccorHotels' signature, as a party to long-term management contracts with AccorInvest but also as an AccorInvest shareholder.

The 50<sup>th</sup> anniversary of AccorHotels' creation marks the start of a new chapter in the history of the Group which has engineered a major transformation of its business model and laid the foundations for new growth opportunities for the two future structures, which will go their separate ways while maintaining very strong business ties.

By attracting new investors in AccorInvest, both AccorHotels and AccorInvest will benefit from increased financial resources that can be used to accelerate their development and take up new growth opportunities, while leveraging the strong synergies resulting from their excellent strategic fit. The new setup will also allow each business to further its development and consolidate its leadership positions based on a valuation that fully reflects the intrinsic quality of its business model and growth outlook.

## CONSOLIDATED INCOME STATEMENT

### CONSOLIDATED INCOME STATEMENT

<i>(in millions of euros)</i>	2015*	2016
<b>CONSOLIDATED REVENUE</b>	<b>1,368</b>	<b>1,603</b>
Operating expense	(805)	(998)
<b>EBITDAR</b>	<b>564</b>	<b>604</b>
Rental expense	(114)	(110)
<b>EBITDA</b>	<b>450</b>	<b>494</b>
Depreciation, amortization and provision expense	(80)	(105)
<b>EBIT</b>	<b>370</b>	<b>389</b>
Net financial expense	(70)	(117)
Share of net profit of associates and joint ventures	8	6
<b>OPERATING PROFIT BEFORE TAX &amp; NON RECURRING ITEMS</b>	<b>308</b>	<b>278</b>
Restructuring costs	(10)	(104)
Impairment losses	(7)	(16)
Gains and losses on management of hotel properties	(12)	78
Other non-recurring items	(63)	(67)
<b>OPERATING PROFIT BEFORE TAX (INCLUDING FINANCIAL RESULT)</b>	<b>215</b>	<b>169</b>
Income tax expense	(59)	4
<b>PROFIT FROM CONTINUING OPERATIONS</b>	<b>155</b>	<b>172</b>
Profit from discontinued operations	116	127
<b>NET PROFIT OR LOSS</b>	<b>271</b>	<b>299</b>
<b>Net Profit or Loss, Group share</b>	<b>244</b>	<b>265</b>
Net Profit, Minority interests from continuing operations	21	30
<i>(in euro)</i>	<b>2015</b>	<b>2016</b>
Earnings per share	0.88	0.88
Dividend per share	1.00	1.05 <sup>(1)</sup>

\* After reclassification of revenue and expenses relating to HotelInvest hotels currently in the process of being sold and the Italian on-board train service activity in "Profit/(loss) from discontinued operations" in accordance with IFRS 5.

(1) Ordinary dividend per share recommended by the Board of Directors to the Annual Shareholders' Meeting of May 5, 2017.

## STATEMENTS OF FINANCIAL POSITION

## ASSETS

<i>(in millions of euros)</i>	Dec. 2015	Dec. 2016
<b>GOODWILL</b>	<b>697</b>	<b>1,496</b>
<b>OTHER INTANGIBLE ASSETS</b>	<b>307</b>	<b>2,401</b>
<b>PROPERTY, PLANT AND EQUIPMENT</b>	<b>3,024</b>	<b>562</b>
<b>NON-CURRENT FINANCIAL ASSETS</b>	<b>654</b>	<b>844</b>
Deferred tax assets	73	233
<b>NON-CURRENT ASSETS</b>	<b>4,756</b>	<b>5,545</b>
<b>CURRENT ASSETS</b>	<b>3,990</b>	<b>1,861</b>
Assets classified as held for sale	208	4,457
<b>ASSETS</b>	<b>8,953</b>	<b>11,864</b>

## EQUITY AND LIABILITIES

<i>(in millions of euros)</i>	Dec. 2015	Dec. 2016
<b>SHAREHOLDERS' EQUITY, GROUP SHARE</b>	<b>3,762</b>	<b>5,658</b>
<b>SHAREHOLDERS' EQUITY AND MINORITY INTERESTS</b>	<b>3,987</b>	<b>5,925</b>
<b>NON-CURRENT LIABILITIES</b>	<b>2,916</b>	<b>2,907</b>
<b>CURRENT LIABILITIES</b>	<b>2,031</b>	<b>1,855</b>
Liabilities associated with assets classified as held for sale	19	1,177
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>8,953</b>	<b>11,864</b>

## PARENT COMPANY FINANCIAL REVIEW

**Revenue** from all of the Company's operations amounted to €894.8 million in 2016, compared with €881.1 million the year before. This increase of 1.6%, or €13.7 million, reflected the growth in royalties billed for €21.5 million, offsetting the €6.6 million decrease in income from property rentals resulting from the management policy for the property portfolio.

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

2016 **EBIT** represented a loss of €59.7 million, compared with a profit of €8.8 million in 2015, a decrease of €68.5 million.

**Net financial income** amounted to €28.9 million in 2016, compared with €44.3 million in 2015, a decrease of €15.3 million attributable chiefly to lower dividend payments by subsidiaries (€76.0 million), partially offset by positive movements in provisions for Accor SA's subsidiary shares for €31.1 million and €26.2 million in interest on financial interests.

**Recurring loss before tax** of €30.7 million was recorded in 2016, compared with a profit of €53.0 million in 2015.

**Net non-recurring expense** totaled €2.1 million, compared with net non-recurring income of €56.4 million in 2015.

It consists of the loss on sale of the business assets, property and fixtures of 13 Novotel and two ibis hotels to Grape Hospitality for an amount of €0.3 million. Furthermore, as part of the active management of its hotel portfolio, Accor sold the property, land and business assets of six hotels (one Sofitel, two SuiteHotel, one Novotel, one ibis and one HotelF1) for a total capital gain of €1.2 million.

Lastly, the non-recurring expense includes the loss on disposal of the Group's airplane for €3.3 million.

**Non-deductible provisions and accrued expenses** carried in the balance sheet at December 31, 2016 amounted to €117.1 million, compared with €135.1 million in 2015.

## PARENT COMPANY FIVE-YEAR FINANCIAL SUMMARY

<i>(in millions of euros)</i>	2012	2013	2014	2015	2016
<b>CAPITAL AT YEAR-END</b>					
Share capital	682	684	696	706	854
Number of shares in issue	227,277,972	228,053,102	231,836,399	235,352,425	284,767,670
<b>RESULTS OF OPERATIONS</b>					
Net revenues	753	807	825	881	895
Profit before tax, depreciation, amortization and provisions	67	124	261	209	(879)
Income tax	(32)	(20)	(14)	(20)	(24)
Net profit (loss)	(584)	101	239	130	(9)
Dividends	173	183	220	235	299 <sup>(1)</sup>
<b>PER-SHARE DATA</b> <i>(in euros)</i>					
Earnings per share after tax, before depreciation, amortization and provisions	0.44	0.63	1.18	0.97	(3.01)
Earnings (loss) per share	(3)	0.44	1.03	0.55	(0.03)
Dividend per share (before tax credit/allowance)	0.76	0.80	0.95	1.00	1.05 <sup>(1)</sup>
<b>EMPLOYEES</b>					
Number of employees	1,069	1,051	1,033	1,145	1,275 <sup>(2)</sup>
Total payroll and employee benefits	127	158	146	133	149

(1) Recommended dividend for 2016 proposed at the Annual Shareholders' Meeting of May 5, 2017 based on 284,767,670 shares outstanding at December 31, 2016.

(2) Number of employees on the Accor SA payroll at December 31, 2016.





# Agenda

## OF THE COMBINED ANNUAL AND EXTRAORDINARY SHAREHOLDERS' MEETING ON MAY 5, 2017

Shareholders are invited to attend the Combined Ordinary and Extraordinary Shareholders' Meeting on **Friday, May 5, 2017 at 3 p.m.** at the **Novotel Paris Tour Eiffel – 61, quai de Grenelle – 75015 Paris, France**, to discuss and decide on the agenda below:

### ORDINARY RESOLUTIONS

**First resolution:** Approval of the 2016 financial statements of the Company

**Second resolution:** Approval of the 2016 consolidated financial statements

**Third resolution:** Appropriation of profit and dividend payment

**Fourth resolution:** Dividend reinvestment option

**Fifth resolution:** Re-election of Sébastien Bazin as a Director

**Sixth resolution:** Re-election of Iris Knobloch as a Director

**Seventh resolution:** Ratification of the cooptation of Nawaf Bin Jassim Bin Jabor Al-Thani as a Director

**Eighth resolution:** Ratification of the cooptation of Vivek Badrinath as a Director

**Ninth resolution:** Ratification of the cooptation of Nicolas Sarkozy as a Director

**Tenth resolution:** Approval of a related-party agreement with Eurazeo

**Eleventh resolution:** Approval of related-party commitments given to Sven Boinet

**Twelfth resolution:** Advisory vote on the compensation due or awarded to Sébastien Bazin for the year ended December 31, 2016

**Thirteenth resolution:** Advisory vote on the compensation due or awarded to Sven Boinet for the year ended December 31, 2016

**Fourteenth resolution:** Vote on the policy and criteria for determining, allocating and awarding the fixed, variable and exceptional compensation and benefits of all kind to be awarded to the Chairman and Chief Executive Officer in respect of 2017

**Fifteenth resolution:** Vote on the policy and criteria for determining, allocating and awarding the fixed, variable and exceptional compensation and benefits of all kind to be awarded to the Deputy Chief Executive Officer in respect of 2017

**Sixteenth resolution:** Authorization to trade in the Company's shares

## EXTRAORDINARY RESOLUTIONS

**Seventeenth resolution:** Authorization for the Board of Directors to reduce the Company's capital by canceling shares

**Eighteenth resolution:** Authorization for the Board of Directors to issue shares and/or securities carrying rights to shares with pre-emptive subscription rights

**Nineteenth resolution:** Authorization for the Board of Directors to issue shares and/or securities carrying rights to shares, through a public offer without pre-emptive subscription rights

**Twentieth resolution:** Authorization for the Board of Directors to issue shares and/or securities carrying rights to shares, through an offer governed by Article L. 411-2-II of the French Monetary and Financial Code without pre-emptive subscription rights

**Twenty-first resolution:** Authorization for the Board of Directors to increase the size of an issue with or without pre-emptive subscription rights

**Twenty-second resolution:** Authorization for the Board of Directors to issue shares and/or securities carrying rights to shares in payment for contributed assets

**Twenty-third resolution:** Authorization for the Board of Directors to increase the Company's capital by capitalizing retained earnings, profit, additional paid-in capital or any other eligible amounts

**Twenty-fourth resolution:** Blanket ceiling on the authorizations to issue shares and/or other securities carrying rights to shares

**Twenty-fifth resolution:** Authorization for the Board of Directors to issue shares and/or securities carrying rights to shares to employees who are members of an Accor Group employee stock ownership plan

**Twenty-sixth resolution:** Authorization for the Board to make grants of free existing or new shares conditional on personal investment and performance to employees and executive officers, under the 2017 Co-Investment Plan

## ORDINARY RESOLUTIONS

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

**Twenty-eighth resolution:** Powers to carry out formalities



# Presentation of the resolutions

## TO BE SUBMITTED AT THE COMBINED ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING ON MAY 5, 2017

### APPROVAL OF THE 2016 FINANCIAL STATEMENTS OF THE COMPANY AND THE GROUP

The purpose of the **first resolution** is to approve the financial statements of Accor for the year ended December 31, 2016 as approved by the Board of Directors at its February 21, 2017 meeting and which show a net loss of €9,344,372.86, as well as the transactions reflected therein.

In the **second resolution**, shareholders are invited to approve the consolidated financial statements of the AccorHotels Group for the year ended December 31, 2016, which show consolidated revenue of €5,631 million.

### APPROPRIATION OF NET PROFIT OR LOSS AND DIVIDEND

The purpose of the **third resolution** is to appropriate the Company's net loss for 2016 and set the amount of the dividend.

The Board of Directors recommends paying a **dividend of €1.05 per share**. If the dividend is approved, the ex-dividend date will be set at May 12, 2017 and the dividend will be paid on June 6, 2017.

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

In the **fourth resolution**, the Board of Directors is seeking approval for shareholders to be given the option of receiving their dividend in cash or in shares.

The dividend option exercise period would run from May 12, 2017 to May 26, 2017 inclusive. Shareholders that have not exercised their option by May 26, 2017 would automatically receive the full amount of their dividend in cash.

The price of the new shares purchased by reinvesting the dividend would be equal to 95% of the average of the opening prices quoted for Accor shares over the twenty trading days preceding the date of the Annual Shareholders' Meeting, less the net dividend. The shares would be issued on June 6, 2017. They will carry dividend rights from January 1, 2017.

Cash dividends will also be paid on June 6, 2017.

If the amount of the reinvested dividend does not correspond to a whole number of shares, the shareholder will receive the nearest lower whole number of shares with the difference paid in cash.

If all of the shareholders were to elect to reinvest their dividend, this would result in the issuance of 7.5 million new shares.

### RE-ELECTION AND RATIFICATION OF THE COOPTATION OF DIRECTORS

In the **fifth and sixth resolutions**, shareholders are invited to re-elect **Sébastien Bazin and Iris Knobloch** as Directors for three-year terms (as provided for in the Company's Bylaws), expiring at the close of the Annual Shareholders' Meeting to be called to approve the 2019 financial statements.

**Sébastien Bazin**, Chairman and Chief Executive Officer of Accor, has been a Director since January 9, 2006 (and had previously served as a member of the Supervisory Board from May 3, 2005). Having earned a Masters in Business

Management from Paris-Sorbonne University, Sébastien Bazin began his career in the US finance industry in 1985. In 1997, he joined Colony Capital, a private-equity firm, to set up and develop its European operations. During his 15 years with the firm, he managed and participated in a large number of investments in the hospitality industry. He is also Vice-Chairman of the Supervisory Board of the Gustave Roussy Foundation and represents Accor as Chairman of Solidarity Accor, the AccorHotels Group's endowment fund.

**Iris Knobloch**, Chairman of Warner Bros. Entertainment France, has been a Director since April 25, 2013. Iris Knobloch has a J.D. degree from *Ludwig-Maximilians Universität* in Munich and an L.L.M. degree from New York University. She has spent eighteen years in a variety of positions with Warner Bros. and Time Warner. Before beginning her career with Warner Bros., she was an attorney with Norr, Stiefenhofer & Lutz and O'Melveny & Myers in Munich, New York and Los Angeles. Since July 27, 2016, she has been Vice-Chairman of the Board and Senior Independent Director of Accor.

If they are re-elected, the Board plans to confirm Sébastien Bazin as Chairman and Chief Executive Officer and Iris Knobloch as Vice-Chairman of the Board and Senior Independent Director.

In the **seventh, eighth and ninth resolutions**, shareholders are asked to ratify the cooptation of Nawaf Bin Jassim Bin Jabor Al-Thani, Vivek Badrinath and Nicolas Sarkozy as Directors, chosen by the Board to fill the seats left vacant by the resignations of Ali Bouzarif, Philippe Citerne and Nadra Moussalem, in each case for the remainder of their predecessors' term of office.

**Sheikh Nawaf Bin Jassim Bin Jabor Al-Thani**, Chairman of Katara Hospitality, was coopted as a Director with effect from March 21, 2017. A graduate of Qatar University, Sheikh Nawaf began his career at Qatar Airways before joining Katara Hospitality as Chairman of the Board of Directors. Alongside his role with Katara Hospitality, Sheikh Nawaf is also Chairman of Al Hosn Investment Company S.A.O.C., based in Oman, and Deputy Chairman of the Sheikh Jassim Bin Jabor Charitable Foundation, which implements and oversees humanitarian and development projects.

**Vivek Badrinath**, Chief Executive Officer for Africa, Middle East, Asia Pacific (AMAP) of Vodafone, was coopted as a Director with effect from October 10, 2016. After graduating from *École polytechnique* and *École nationale supérieure des télécommunications* (ENST), Vivek Badrinath began his career at the French Ministry of Industry in 1992. In 1996, he joined the Orange Group's Long Distance Networks Department before becoming CEO of Thomson India in 2000. He returned to Orange in 2004 as Chief Technical Officer of the Mobile Division and was appointed to the Group's Executive Committee in 2009 as Director of the Networks and Operators Division. Between April 2010 and April 2012, Vivek Badrinath was CEO of Orange Business Services before being appointed Deputy CEO in charge of Innovation, Marketing and Technologies on May 1, 2013. He was Deputy Chief Executive Officer, Marketing, Digital Solutions, Distribution and Information Systems at AccorHotels, before joining Vodafone as Chief Executive Officer for AMAP in October 2016.

**Nicolas Sarkozy**, leader of *Les Républicains* political party until November 2016, was coopted as a Director with effect from February 21, 2017. Nicolas Sarkozy was the sixth President of the French Republic from 2007 to 2012. His previous positions include Mayor of Neuilly-sur-Seine (1983-2002), National Assembly Representative for Hauts-de-Seine (1988-2002), President of the General Council for Hauts-de-Seine (2004-2007), Minister for the Budget (1993-1995), Minister for Communications (1994-1995), Government spokesman (1993-1995), Minister of the Interior, Internal Security and Local Freedoms (2002-2004), Minister of State, Minister for the Economy, Finance and Industry (2004), Minister of State, Minister of the Interior and Town and Country Planning (2005-2007). He was also the elected leader of French political parties UMP (2004-2007) and *Les Républicains* (2014-2016). A trained lawyer, Nicolas Sarkozy is married and has four children. He is the author of several books, including *Libre, Témoignage*, *La France pour la vie* and *Tout pour la France*.

## RELATED-PARTY AGREEMENTS AND COMMITMENTS

The **tenth resolution** concerns the approval of a related-party agreement with Eurazeo, whose Management Board is chaired by Patrick Sayer.

The agreement is a memorandum of understanding concerning the sale of a portfolio of real estate assets to Grape Hospitality Holding (Nova project) that was authorized by the Board of Directors on April 22, 2016. The memorandum of understanding provides for:

- the subscription by Accor, either directly or indirectly, of a 30% interest in the share capital of Grape Hospitality Holding;
- the signature of a shareholders' agreement between Accor and Eurazeo as shareholders of Grape Hospitality Holding;
- the sale by Accor of 28 hotel properties and 85 hotel businesses to Grape Hospitality Holding for €146.4 million;
- the signature of franchise agreements for the ongoing operation of the hotels and hotel businesses under AccorHotels brands.

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

In conjunction with the renewal of Sven Boinet's appointment as Deputy Chief Executive Officer, the Board has decided to renew on the same terms the commitments given to him when he was first appointed to this position in 2013.

If Sven Boinet's appointment as Deputy Chief Executive Officer were to be terminated (except in the event of gross or willful misconduct), he would be entitled to compensation for loss of office of €600,000 (i.e. an amount not exceeding 12 months' fixed compensation payable to him as a corporate officer and under his employment contract), plus the amount of variable compensation due to him for the fiscal year preceding that of the loss of office, and less any indemnities due for the termination of his employment contract. This benefit would only be payable if the following performance criteria were met:

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

These performance criteria would be applied as follows:

- if all three criteria were met, the compensation would be payable in full;
- if two of the three criteria were met, half of the compensation would be payable;
- if none or only one of the three criteria was met, no compensation would be due.

In accordance with the recommendations contained in the AFEP/MEDEF Code, the compensation would not be due if Sven Boinet resigned, his term of office was not renewed, or he was able to claim his full-rate pension benefit within a short period of time.

The Board of Directors also authorized Sven Boinet to be included in the supplementary pension plan whose members comprise several dozen AccorHotels senior executives. Under the terms of this overall plan, except in specific cases provided for by law, if a plan member leaves the Group before retirement, he or she only retains the rights accrued under the defined contribution plan (based on annual employer contributions of up to 5% of five times the annual cap on the basis for calculating social security contributions) and forfeits the rights accrued under the defined benefit plan.

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

In accordance with the law, the payment of benefits under the plan would depend on the annual performance criteria set by the Board being fulfilled.

## ADVISORY VOTE ON THE COMPENSATION DUE OR AWARDED TO EACH EXECUTIVE OFFICER FOR THE YEAR ENDED DECEMBER 31, 2016

In accordance with the recommendations of the AFEP/MEDEF Code, which the Company uses as its corporate governance framework, in the **twelfth and thirteenth resolutions**, shareholders are invited to issue an advisory "say-on-pay"

vote on the compensation due or awarded for 2016 to Sébastien Bazin, Chairman and Chief Executive Officer, and Sven Boinet, Deputy Chief Executive Officer, as presented in the appendix to this report (**Appendix 1**).

## APPROVAL OF THE PRINCIPLES AND CRITERIA FOR DETERMINING EXECUTIVE OFFICERS' COMPENSATION FOR 2017

In accordance with France's "Sapin 2" Act, in the **fourteenth and fifteenth resolutions**, shareholders are invited to approve the principles and criteria for determining, allocating and awarding the fixed, variable and exceptional components of the total compensation and benefits of all kind to be granted to the Chairman and Chief Executive Officer and the Deputy Chief Executive Officer for 2017. These principles and criteria are presented in the report on the compensation policy for executive officers presented in Chapter 3 of the 2016 Registration Document.

Payment of variable compensation to the Chairman and Chief Executive Officer and the Deputy Chief Executive Officer for the year 2017 will be subject to their approval by the Annual Shareholders' Meeting to be called to approve the 2017 financial statements.

## AUTHORIZATION TO BUY BACK AND CANCEL SHARES

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

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

If this resolution is approved, the number of Accor shares that the Company may acquire will not exceed **28 million** (representing approximately 10% of the capital at December 31, 2016).

The maximum per-share purchase price would be set at €70. The maximum total investment in the buyback program would therefore be **€1.96 billion**.

The purpose of the **seventeenth resolution** is to renew the authorization for the Board of Directors to cancel all or some of the shares bought back pursuant to the sixteenth resolution and to reduce the capital accordingly. The number of shares canceled in any given 24-month period would not exceed 10% of the total shares outstanding.

This authorization is being sought for a period of 24 months as from the date of this Meeting.

## AUTHORIZATIONS TO CARRY OUT CORPORATE ACTIONS

In the **eighteenth to twenty-third resolutions**, shareholders are invited to renew the authorizations given to the Board of Directors to increase the Company's capital.

Under these authorizations the Board would have full powers to decide to carry out rights issues or financial market transactions, giving it the necessary flexibility to swiftly raise the financial resources required to implement the Group's growth strategy.

If these resolutions are adopted, the Board will be authorized to issue shares and/or securities carrying immediate or deferred rights to shares in France or abroad, with or without pre-emptive subscription rights for existing shareholders, based on the opportunities offered by the financial markets and in the best interests of the Company and its shareholders.

The authorized capital increases would be subject to ceilings that would vary depending on whether or not shareholders are granted pre-emptive subscription rights (the applicable ceilings are set out in the table below). In all circumstances, however, the aggregate par value of shares issued pursuant to these authorizations, either directly or indirectly, would be capped at €427 million, representing approximately 50% of the Company's capital, with an €85 million ceiling (approximately 10% of the capital) on issues without pre-emptive subscription rights for existing shareholders.

These ceilings would not apply to issues of debt securities with rights to other debt securities or to existing equity securities, which may be carried out by the Board of Directors without consulting the shareholders pursuant to Article L. 228-92 of the French Commercial Code.

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

If this authorization were to be used, the Board of Directors and the Statutory Auditors would issue reports to shareholders providing detailed information about the issue amounts and terms.

These authorizations are being sought for a period of 26 months as from the date of this Meeting.

The previous authorizations granted by shareholders on April 28, 2015 for the same purpose have not been used.

## SUMMARY TABLE OF FINANCIAL AUTHORIZATIONS SOUGHT BY THE BOARD OF DIRECTORS

Purpose of authorization	Resolution	Issue price of shares	Maximum aggregate amount authorized	Blanket ceilings 24 <sup>th</sup> resolution
Authorization to issue shares and/or securities with rights to shares <b>with pre-emptive subscription rights</b>	18 <sup>th</sup>		€427 million (approximately 50% of the capital <sup>(1)</sup> )	
Authorizations to issue shares and/or other securities <b>with rights to shares without pre-emptive subscription rights</b>				
■ Through a public offer	19 <sup>th</sup>	At least equal to the weighted average of the prices for the three trading days preceding the pricing date, less a 5% discount	€85 million (approximately 10% of the capital <sup>(1)</sup> )	
■ Through an offer governed by Article L. 411-2 of the French Monetary and Financial Code ( <i>Code monétaire et financier</i> )	20 <sup>th</sup>			€85 million €427 million
Greenshoe option	21 <sup>st</sup>	Same as for the initial issue	15% of the amount of the initial issue	
Authorization to issue shares and/or securities with rights to shares in payment for contributed assets	22 <sup>nd</sup>		€85 million (approximately 10% of the capital <sup>(1)</sup> )	
Authorization to issue new shares paid up by capitalizing reserves, retained earnings or additional paid-in capital	23 <sup>rd</sup>		€427 million (approximately 50% of the capital <sup>(1)</sup> )	

(1) Capital at December 31, 2016.

## EMPLOYEE SHARE OWNERSHIP PLAN AND CO-INVESTMENT PLAN

In connection with the deployment of the latest phase of the strategic plan for 2017-2020, the Group wants to give employees a stake in AccorHotels' successful transformation. To this end, it would like to offer them the opportunity to participate in the value expected to be created through this second strategic phase, and especially the Group's digital transformation, by investing in simple, motivating and dynamic instruments.

The Board of Directors is therefore asking shareholders to approve the creation of an employee share ownership plan open to a large number of employees, and a co-investment plan intended for key executives who would be required to make a larger personal investment.

### EMPLOYEE SHARE OWNERSHIP PLAN

In the **twenty-fifth resolution**, shareholders are invited to authorize the Board of Directors to issue shares or other securities to employees who are members of a Group Employee Share Ownership Plan ("PEG"). The total number of shares and securities carrying rights to shares issued under this authorization would not exceed the equivalent of 2% of the Company's capital.

As was the case for the first phase in the AccorHotels Group's transformation, carried out between 2013 and 2016, the success of this second phase of the strategic plan depends on the strong commitment of Group employees. The aim of the authorization is to allow the Group to launch an ambitious and motivating leveraged employee share ownership plan.

Under a *leveraged employee share ownership plan*, part of the investment by employees in new or existing shares of the Company is guaranteed for the duration of the plan and they also benefit from the increase in the share price, with up to 10x leverage.

We propose offering this plan in the first instance to Group employees in around ten countries. It would then be rolled out in the following months to employees in the Group's other host countries, depending on local legislation and restrictions.

The authorization is being sought for a period of 26 months as from the date of this Meeting.



## CO-INVESTMENT PLAN

In the **twenty-sixth resolution**, the Board of Directors is seeking an authorization to set up a co-investment plan. Under this plan, participants would make a significant personal investment in Accor shares that would be held for the duration of the plan and would entitle the participant to performance shares subject to operating and stock market performance criteria measured over the period to 2020 ("the Co-Investment Plan").

Around 160 key executives would be given the opportunity to participate in the Co-Investment Plan, including the executive officers and members of the Executive Committee.

As we embark on the second phase of the strategic plan, the Co-Investment Plan is designed to be a dynamic instrument for promoting executive engagement, as well as for aligning executives' interests with those of shareholders in the drive to create value, and an important loyalty-building instrument in an environment where the core talents needed to lead the Group's transformation are increasingly in demand.

Shareholders are asked to authorize the Board of Directors to make one or several performance share grants to employees and executive officers of the Group under a Co-Investment Plan with the following main terms and conditions:

- the performance share grants would be made solely to participants in the Co-Investment Plan who invest their personal funds in Accor shares that are held for the duration of the plan;
- the number of performance shares granted would depend on the amount of the participant's personal investment;
- the performance shares would be subject to a three-year vesting period;
- the total number of performance shares granted would not exceed 2% of the Company's capital, with no more than 0.2% granted to executive officers;
- each participant's minimum and maximum personal investment over the life of the plan would be determined based on his or her total gross annual compensation (base salary plus target variable compensation), as follows:
  - executive officers would be required to invest, over the life of the plan, at least 50% and no more than 100% of their total gross annual compensation, representing over the life of the plan a maximum investment equivalent to one-third of their total gross annual compensation per plan year;
  - executive Committee members would be required to invest at least 20% and no more than 100% of their total gross annual compensation;
  - other key executives would be required to invest at least 10% and no more than 100% of their total gross annual compensation;

- the participants' personal investment, which would be made without the benefit of any advance or guarantee, would have to be locked up for the duration of the Plan. Any participant who withdrew their investment early would forfeit all the Plan benefits;
- each Accor share purchased on the market using the personal investment would entitle the participant to three performance shares;
- the performance shares would vest if both of the following two performance conditions were met:
  - an ambitious stock market performance condition, based on growth in the Accor share price over the three years of the plan compared to a baseline of €35.19. This baseline corresponds to the average opening price quoted for Accor shares on Euronext Paris over the six months preceding December 7, 2016, date of the Board meeting at which the decision was made to set up a Co-Investment Plan;
  - an EBIT performance condition, whereby cumulative EBIT for the three years 2017, 2018 and 2019 must represent at least 90% of the sum of budgeted annual EBIT for these three years as approved by the Board of Directors.

The number of vested performance shares would vary depending on the average opening price quoted for Accor shares on Euronext Paris over the six months preceding the end of the three-year measurement period, as follows:

- i. no performance shares would vest if the average opening share price did not represent at least 155% of the baseline, i.e. **€55** after rounding;
- ii. all of the performance shares would vest if the average opening share price represented at least 170% of the baseline, i.e. **€60** after rounding,

provided in all cases that cumulative reported EBIT for the three years 2017, 2018 and 2019 represents at least 90% of the sum of budgeted annual EBIT for these three years as approved by the Board of Directors. If the EBIT condition was not met, whatever the average Accor share price, the performance shares would not vest at the end of the three-year period and would be forfeited.

For example, based on the number of shares making up the share capital as at December 31, 2016 and assuming that each beneficiary makes a personal investment of 50% of his or her total gross annual compensation in shares trading at €37, locked up for a three-year period, the shareholder value created, compared to the baseline share price of €35.19, and the percentage due to the Plan beneficiaries, would be as follows, provided that the EBIT condition was met, for the three average opening share price scenarios for the six-month period prior to the unwinding of the Plan:

- average share price of €53: the shareholder value created would amount to €5.07 billion and the percentage due to the Plan beneficiaries would equal 0% (stock market performance condition not met);
- average share price of €57: the shareholder value created would amount to €6.21 billion and the percentage due to the Plan beneficiaries would equal 1.20%;
- average share price of €62: the shareholder value created would amount to €7.63 billion and the percentage due to the Plan beneficiaries would equal 1.60%.

In addition, the performance shares will vest only if the participant continues to be employed by the AccorHotels Group – except in the case of retirement or loss of office – and continues to hold the shares acquired with his or her personal investment throughout the three-year vesting period.

Lastly, in the case of a public tender offer for the Group, Plan participants would be required to choose either to continue the Plan on the original terms without any modification, or to exit from the Plan without the option of rejoining it at a later date. In this case, the share price used to determine whether the stock market performance condition had been met would be the price offered for Accor shares on the closing date of the public tender offer.

This Plan is intended to accompany the launch of the latest three-year phase of the strategic plan and would not be renewed in the following three years. It would be launched in 2017 and the related shareholder authorization is therefore being sought for a period of 12 months as from the date of this Meeting.

The Board of Directors would decide the terms and conditions of implementation of the authorization and would report to the Shareholders' Meeting on the share grants made under this resolution as required by Article L. 225-197-4 of the French Commercial Code.

## AUTHORIZATION FOR THE BOARD OF DIRECTORS TO ISSUE FREE SHARE WARRANTS TO SHAREHOLDERS IN THE EVENT OF A PUBLIC OFFER FOR THE SHARES OF THE COMPANY

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

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

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

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

This authorization is being sought for a period of 18 months as from the date of this Meeting.

## POWERS TO CARRY OUT FORMALITIES

The purpose of the **twenty-eighth resolution** is to authorize the bearer of an original, extract or copy of the minutes of this Annual Shareholders' Meeting to carry out any and all filing and other formalities required by law.

# Appendix I

## PRESENTATION OF THE COMPENSATION DUE OR AWARDED TO THE COMPANY'S EXECUTIVE OFFICERS FOR 2016

In accordance with the AFEP/MEDEF Code, shareholders are asked to issue an advisory vote on the compensation due or awarded to the Company's executive officers for 2016, as presented in the following tables.

All of the figures and information shown in these tables are also provided in Chapter 3, sections 3.5.1 and 3.5.2 of the 2016 Registration Document, which is available on the Group's website ([accorhotels-group.com](http://accorhotels-group.com)) or on request from the Company.

### 1. SÉBASTIEN BAZIN

Compensation due or awarded for 2016	Amounts (or accounting value) submitted to the advisory vote	Description
Fixed compensation	€950,000	
Annual variable compensation	€588,021	<p>Sébastien Bazin's variable compensation can range from 0% and 150% of an annual reference amount of €1,250,000, depending on the achievement of the objectives set by the Board of Directors.</p> <p>At its meeting on February 21, 2017, the Board of Directors assessed the degree to which his objectives had been achieved as follows:</p> <ul style="list-style-type: none"> <li>■ €288,021 for the quantitative objectives, which were 28.8% met overall (0% for Accor's Total Shareholder Return (TSR) compared with that of eight other international hotel groups, 0% for Accor's TSR compared with that of other CAC 40 companies, and non-disclosable for the two other objectives, which relate to the budget, in view of their confidential nature);</li> <li>■ €300,000 for the qualitative objectives, which were 120% met overall (120% for the implementation of the strategic roadmap and 120% for the Board's general assessment).</li> </ul> <p>Consequently, Sébastien Bazin's total variable compensation for the year represented 47% of the reference amount (and 62% of his fixed compensation for 2016).</p>
Deferred variable compensation	NA	Sébastien Bazin does not receive any deferred variable compensation.
Multi-year variable compensation	NA	Sébastien Bazin does not receive any multi-year variable compensation.
Exceptional compensation	NA	Sébastien Bazin did not receive any exceptional compensation in 2016.

Compensation due or awarded for 2016	Amounts (or accounting value) submitted to the advisory vote	Description
Stock options, performance shares and any other long-term compensation	<p>Stock options = NA</p> <p>Performance shares = 40,000 (€1,228,800)</p>	<p>Sébastien Bazin was not granted any stock options in 2016.</p> <p>Sébastien Bazin was awarded 40,000 performance share rights during the year. The performance conditions are based on:</p> <ul style="list-style-type: none"> <li>■ actual versus budgeted EBIT margin (40% weighting);</li> <li>■ actual versus budgeted <i>free cash flow</i> excluding acquisitions and disposals, after change in working capital (40% weighting);</li> <li>■ Accor's TSR compared with that of eight other international hotel groups (10% weighting) and compared with that of other CAC 40 companies (10% weighting).</li> </ul> <p>The performance conditions under the plan are measured at the end of the three-year period. The number of shares that may vest, provided that the grantee has not left the Group, is based on the achievement levels of the performance conditions set out above and validated by the Board of Directors. The achievement levels are calculated based on the vesting criteria stipulated by the Board of Directors when the plan was issued.</p> <p>As regards the external performance condition (i.e. AccorHotels' Total Shareholder Return (TSR) compared with that of eight other international hotel groups (10% weighting), and compared with that of other CAC 40 companies (10% weighting)), the performance shares will vest if Accor achieves the median ranking. Fulfillment of the two other (internal) performance conditions is deemed to be confidential information as it concerns the budget, which is not publicly-disclosed. At the end of the measurement period, objectives under one performance condition that have not been met may be offset by any outperformance achieved with respect to an objective applicable under another performance condition. However, the number of shares that vest at the end of the vesting period is capped at 100% of the number of shares originally granted.</p> <p>The grantee must also continue to be part of the Group in order for the shares to vest. For all of the performance shares initially granted to vest (i.e. 100%), and subject to the achievement of the performance conditions, the grantee must continue to be either an executive officer or an employee of the Group through June 16, 2019 (the vest date), except in the case of death or disability or retirement. In the event of termination of the executive officer's term of office or the employee's employment contract before the vest date, he or she immediately loses his or her entitlement to all of the shares initially granted, regardless of the degree of achievement of the performance conditions, unless the Board of Directors decides otherwise.</p>
Directors' fees	€0	Sébastien Bazin does not receive any directors' fees.
Benefits-in-kind	€56,340	Sébastien Bazin has the use of a Company car and is a member of a private unemployment insurance plan. He was also entitled to up to 50 hours' advice from tax and financial advisors in 2016.

Compensation due or awarded for 2016	Amounts (or accounting value) submitted to the advisory vote	Description
Termination benefits	€0	<p>Sébastien Bazin is entitled to compensation for loss of office equal to twice the amount of the total fixed and variable compensation payable to him for the fiscal year preceding that of the loss of office. This compensation would be payable if Sébastien Bazin's term of office as Chairman and Chief Executive Officer is either terminated or not renewed (except in the event of gross or willful misconduct) and would be subject to the following performance criteria being met:</p> <ul style="list-style-type: none"> <li>■ consolidated return on capital employed for the previous three years must have exceeded the Group's cost of capital as published in the Registration Document for those years;</li> <li>■ <i>operating free cash</i> flow must have been positive in at least two of the previous three years;</li> <li>■ like-for-like EBITDAR margin must have exceeded 27.5% in at least two of the three previous years.</li> </ul> <p>These performance criteria would be applied as follows:</p> <ul style="list-style-type: none"> <li>■ if all three criteria were met, the compensation would be payable in full;</li> <li>■ if two of the three criteria were met, half of the compensation would be payable;</li> <li>■ if none or only one of the three criteria were met, no compensation would be due.</li> </ul> <p>Moreover, no compensation would be due if Sébastien Bazin were to resign from his position or to decide not to stand for re-election, or if he were to move to another position within the Group or if he would be able to claim his full-rate pension benefit within a short period of time.</p>
Non-compete indemnity	NA	Sébastien Bazin is not entitled to any non-compete indemnity.
Supplementary pension benefits	€9,654	This amount corresponds to the employer contributions paid into the plan in 2016. Full details of the plan are provided in section 3.5.1 of the Registration Document.

## 2. SVEN BOINET

Compensation due or awarded for 2016	Amounts (or accounting value) submitted to the advisory vote	Description
Fixed compensation	€600,000	Compensation for his duties as Deputy Chief Executive Officer and Director in charge of Purchasing, Internal Audit, Legal Affairs and Safety & Security (paid to him as an executive officer and under his employment contract).
Annual variable compensation	€282,250	<p>Sven Boinet's variable compensation for his duties as Deputy Chief Executive Officer can range from 0% to 150% of an annual reference amount of €600,000 depending on the achievement of objectives set by the Board of Directors.</p> <p>At its meeting on February 21, 2017, the Board of Directors assessed the degree to which his objectives had been achieved as follows:</p> <ul style="list-style-type: none"> <li>■ €138,250 for the quantitative objectives, which were 28.8% met overall (0% for Accor's Total Shareholder Return (TSR) compared with that of eight other international hotel groups, 0% for Accor's TSR compared with that of other CAC 40 companies. and non-disclosable for the two other objectives, which relate to the budget, in view of their confidential nature);</li> <li>■ €144,000 for the qualitative objective, which was 120% met.</li> </ul> <p>Consequently, Sven Boinet's total variable compensation for the year represented 47% of the reference amount.</p>
Deferred variable compensation	NA	Sven Boinet does not receive any deferred variable compensation.
Multi-year variable compensation	NA	Sven Boinet does not receive any multi-year variable compensation.
Exceptional bonus	NA	Sven Boinet did not receive any exceptional compensation in 2016.

Compensation due or awarded for 2016	Amounts (or accounting value) submitted to the advisory vote	Description
Stock options, performance shares and any other long-term compensation	Stock options = NA	Sven Boinet was not granted any stock options in 2016.
	Performance shares = 20,000 (€614,400)	<p>Sven Boinet was awarded 20,000 performance share rights during the year. The performance conditions are based on:</p> <ul style="list-style-type: none"> <li>■ actual versus budgeted EBIT margin (40% weighting);</li> <li>■ actual versus budgeted <i>free cash flow</i> excluding acquisitions and disposals, after change in working capital (40% weighting);</li> <li>■ Accor's TSR compared with that of eight other international hotel groups (10% weighting) and compared with that of other CAC 40 companies (10% weighting).</li> </ul> <p>The performance conditions under the plan are measured at the end of the three-year period. The number of shares that may vest, provided that the grantee has not left the Group, is based on the achievement levels of the performance conditions set out above and validated by the Board of Directors. The achievement levels are calculated based on the vesting criteria stipulated by the Board of Directors when the plan was issued.</p> <p>As regards the external performance condition (i.e. AccorHotels' Total Shareholder Return (TSR) compared with that of eight other international hotel groups (10% weighting), and compared with that of other CAC 40 companies (10% weighting)), the performance shares will vest if Accor achieves the median ranking. Fulfillment of the two other (internal) performance conditions is deemed to be confidential information as it concerns the budget, which is not publicly-disclosed. At the end of the measurement period, objectives under one performance condition that have not been met may be offset by any outperformance achieved with respect to an objective applicable under another performance condition. However, the number of shares that vest at the end of the vesting period is capped at 100% of the number of shares originally granted.</p> <p>The grantee must also continue to be part of the Group in order for the shares to vest. For all of the performance shares initially granted to vest (i.e. 100%), and subject to the achievement of the performance conditions, the grantee must continue to be either an executive officer or an employee of the Group through June 16, 2019 (the vest date), except in the case death or disability or retirement. In the event of termination of the executive officer's term of office or the employee's employment contract before the vest date, he or she immediately loses his or her entitlement to all of the shares initially granted, regardless of the degree of achievement of the performance conditions, unless the Board of Directors decides otherwise.</p>
Directors' fees	NA	Sven Boinet does not receive any directors' fees.
Benefits-in-kind	€17,676	Sven Boinet has the use of a Company car and was entitled to up to 25 hours' advice from tax and financial advisors in 2016.



Compensation due or awarded for 2016	Amounts (or accounting value) submitted to the advisory vote	Description
Termination benefits	€0	<p>Compensation payable to Sven Boinet in the event of loss of office would amount to €600,000, plus the amount of variable compensation due to him for the fiscal year preceding that of the loss of office, and less any indemnities due for the termination of his employment contract. This compensation would be payable if Sven Boinet's term of office as Deputy Chief Executive Officer were either terminated or not renewed (except in the event of gross or willful misconduct). In accordance with the AFEP/MEDEF Code, the compensation would not be due if, at the date of his departure, Sven Boinet would be able to claim his full-rate pension benefit within a short period of time.</p> <p>The compensation payable to Sven Boinet in the event of loss of office as Deputy Chief Executive Officer would be subject to the following performance criteria:</p> <ul style="list-style-type: none"> <li>■ consolidated return on capital employed for the previous three years must have exceeded the Group's cost of capital as published in the Registration Document for those years;</li> <li>■ operating free cash flow must have been positive in at least two of the previous three years;</li> <li>■ <i>like-for-like EBITDAR margin</i> must have exceeded 27.5% in at least two of the three previous years.</li> </ul> <p>These performance criteria would be applied as follows:</p> <ul style="list-style-type: none"> <li>■ if all three criteria were met, the compensation would be payable in full;</li> <li>■ if two of the three criteria were met, half of the compensation would be payable;</li> <li>■ if none or only one of the three criteria were met, no compensation would be due.</li> </ul> <p>Shareholders will be asked to renew this commitment at the Annual Shareholders' Meeting of May 5, 2017.</p>
Non-compete indemnity	NA	Sven Boinet is not entitled to any non-compete indemnity.
Supplementary pension benefits	€9,654	This amount corresponds to the employer contributions paid into the plan in 2016. Full details of the plan are provided in section 3.5.1 of the Registration Document.



# Proposed resolutions

## SUBMITTED TO THE COMBINED ANNUAL AND EXTRAORDINARY SHAREHOLDERS' MEETING ON MAY 5, 2017

### ORDINARY RESOLUTIONS

#### FIRST RESOLUTION

##### APPROVAL OF THE 2016 FINANCIAL STATEMENTS OF THE COMPANY

Having considered the Board of Directors' Management Report and the Statutory Auditors' report on the financial statements of Accor, the Ordinary Meeting approves the financial statements of the Company for the year ended December 31, 2016 as presented.

The Ordinary Meeting also approves the transactions reflected in those financial statements and/or described in those reports.

#### SECOND RESOLUTION

##### APPROVAL OF THE 2016 CONSOLIDATED FINANCIAL STATEMENTS

Having considered the Board of Directors' Management Report and the Statutory Auditors' report on the consolidated financial statements, the Ordinary Meeting approves the consolidated financial statements for the year ended December 31, 2016 as presented.

#### THIRD RESOLUTION

##### APPROPRIATION OF PROFIT AND DIVIDEND PAYMENT

The Ordinary Meeting approves the recommendation of the Board of Directors and resolves:

- to appropriate the net loss for 2016 in the amount of €(9,344,372.86)
  - to the retained earnings account, which had a balance brought forward of €0.00
  - thus reducing its amount to €(9,344,372.86)
- to clear the deficit on the retained earnings account by transferring the sum of €9,344,372.86 from the additional paid-in capital account;
- having noted that the sum available for distribution is €2,613,067,988.51 (after appropriation of the net loss for 2016 and clearing the deficit on the retained earnings

account), to pay a dividend of €1.05 per share, based on 284,767,670 shares outstanding at December 31, 2016, i.e., a total amount of €299,006,053.50, to be deducted from:

- the "additional paid-in capital" reserves account €299,006,053.50
- that if fewer or more than 284,767,670 shares carry rights to the 2016 dividend, the amount of the dividend will be reduced or increased as appropriate and the amount deducted from the additional paid-in capital account will be adjusted on the basis of the total dividend actually paid;
  - that the dividend will be paid on June 6, 2017.

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

As required by law, the Ordinary Meeting notes that dividends for the last three years were as follows:

(in €)	2013	2014	2015
Net dividend	0.80	0.95	1.00

#### FOURTH RESOLUTION

##### DIVIDEND REINVESTMENT OPTION

Having considered the Board of Directors' report and subject to adoption of the third resolution above, the Ordinary Meeting resolves in accordance with Articles L. 232-18 *et seq.* of the French Commercial Code:

- to offer each shareholder the option of receiving their dividend in cash or in shares;
- that the reinvestment option will apply to the whole of the dividend;
- that the option exercise period will run from May 12 to May 26, 2017 inclusive, that the shares purchased by reinvesting the dividend will be delivered on June 6, 2017 and that shareholders that have not exercised their option by May 26, 2017 will receive the full amount of their dividend in cash. Shares purchased by reinvesting the dividend will be issued cum rights from January 1, 2017;
- to set the payment date of the cash dividend as June 6, 2017;

5. that the price of the new shares purchased by reinvesting the dividend will be equal to 95% of the average of the opening prices quoted for Accor shares over the twenty trading days preceding the date of this Meeting, less the net dividend. The Board of Directors may round up the price thus determined to the nearest euro cent;
6. that if the amount of the reinvested dividend does not correspond to a whole number of shares, the shareholder will receive the nearest lower whole number of shares with the difference paid in cash;
7. that the Board of Directors shall have full powers to take all necessary measures to pay the scrip dividend. Accordingly, the Board shall determine the issue price of the shares on the basis described above, place on record the number of shares issued and the ensuing capital increase and amend the Company's Bylaws to reflect the new capital and carry out all the required legal publication formalities. These powers may be delegated subject to compliance with the law.

## **FIFTH RESOLUTION**

### **RE-ELECTION OF SÉBASTIEN BAZIN AS A DIRECTOR**

The Ordinary Meeting re-elects Sébastien Bazin as a Director for a three-year term commencing at the close of this Meeting and expiring at the close of the Annual Shareholders' Meeting to be called to approve the financial statements for the year ending December 31, 2019.

## **SIXTH RESOLUTION**

### **RE-ELECTION OF IRIS KNOBLOCH AS A DIRECTOR**

The Ordinary Meeting re-elects Iris Knobloch as a Director for a three-year term commencing at the close of this Meeting and expiring at the close of the Annual Shareholders' Meeting to be called to approve the financial statements for the year ending December 31, 2019.

## **SEVENTH RESOLUTION**

### **RATIFICATION OF THE COOPTATION OF NAWAF BIN JASSIM BIN JABOR AL-THANI AS A DIRECTOR**

The Ordinary Meeting ratifies the cooptation of Nawaf Bin Jassim Bin Jabor Al-Thani as a Director to replace Ali Bouzarif for the remainder of his predecessor's term of office, *i.e.*, until the close of the Annual Shareholders' Meeting to be called to approve the financial statements for the year ending December 31, 2018.

## **EIGHTH RESOLUTION**

### **RATIFICATION OF THE COOPTATION OF VIVEK BADRINATH AS A DIRECTOR**

The Ordinary Meeting ratifies the cooptation of Vivek Badrinath as a Director to replace Philippe Citerne for the remainder of his predecessor's term of office, *i.e.*, until the close of the Annual Shareholders' Meeting to be called to approve the financial statements for the year ending December 31, 2017.

## **NINTH RESOLUTION**

### **RATIFICATION OF THE COOPTATION OF NICOLAS SARKOZY AS A DIRECTOR**

The Ordinary Meeting ratifies the cooptation of Nicolas Sarkozy as a Director to replace Nadra Moussalem for the remainder of his predecessor's term of office, *i.e.*, until the close of the Annual Shareholders' Meeting to be called to approve the financial statements for the year ending December 31, 2018.

## **TENTH RESOLUTION**

### **APPROVAL OF A RELATED-PARTY AGREEMENT WITH EURAZEO**

The Ordinary Meeting, having considered the Statutory Auditors' special report on related-party agreements governed by Articles L. 225-38 *et seq.* of the French Commercial Code, approves the memorandum of understanding with Eurazeo in relation to the sale of a portfolio of real estate assets.

## **ELEVENTH RESOLUTION**

### **APPROVAL OF RELATED-PARTY COMMITMENTS GIVEN TO SVEN BOINET**

Having considered the Statutory Auditors' special report on commitments and agreements governed by Article L. 225-42-1 of the French Commercial Code, the Ordinary Meeting duly notes the renewal of Sven Boinet's term as Deputy Chief Executive Officer by the Board of Directors' meeting on October 11, 2016, and approves the agreements with and commitments given to Sven Boinet with regard to a supplementary pension plan and renewal of his entitlement to termination benefits.

**TWELFTH RESOLUTION****ADVISORY VOTE ON THE COMPENSATION DUE OR AWARDED TO SÉBASTIEN BAZIN FOR THE YEAR ENDED DECEMBER 31, 2016**

The Ordinary Meeting, consulted in accordance with paragraph 26.2 of the AFEP/MEDEF Code of Corporate Governance for listed companies, issues a positive advisory vote on the compensation due or awarded to Sébastien Bazin, Chairman and Chief Executive Officer, for the year ended December 31, 2016, as presented in the Notice of Meeting.

**THIRTEENTH RESOLUTION****ADVISORY VOTE ON THE COMPENSATION DUE OR AWARDED TO SVEN BOINET FOR THE YEAR ENDED DECEMBER 31, 2016**

The Ordinary Meeting, consulted in accordance with paragraph 26.2 of the AFEP/MEDEF Code of Corporate Governance for listed companies, issues a positive advisory vote on the compensation due or awarded to Sven Boinet, Deputy Chief Executive Officer of the Company, for the year ended December 31, 2016, as presented in the Notice of Meeting.

**FOURTEENTH RESOLUTION****VOTE ON THE POLICY AND CRITERIA FOR DETERMINING, ALLOCATING AND AWARDING THE FIXED, VARIABLE AND EXCEPTIONAL COMPENSATION AND BENEFITS OF ALL KIND TO BE AWARDED TO THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER IN RESPECT OF 2017**

The Ordinary Meeting, having considered the report of the Board of Directors on the executive compensation policy drawn up in accordance with Article L. 225-37-2 of the French Commercial Code, approves the policy and criteria for determining, allocating and awarding the fixed, variable and exceptional compensation and benefits of all kinds to be awarded to the Chairman and Chief Executive Officer of the Company in respect of 2017, as presented in that report.

**FIFTEENTH RESOLUTION****VOTE ON THE POLICY AND CRITERIA FOR DETERMINING, ALLOCATING AND AWARDING THE FIXED, VARIABLE AND EXCEPTIONAL COMPENSATION AND BENEFITS OF ALL KIND TO BE AWARDED TO THE DEPUTY CHIEF EXECUTIVE OFFICER IN RESPECT OF 2017**

The Ordinary Meeting, having considered the report of the Board of Directors and the report on the executive compensation policy drawn up in accordance with Article L. 225-37-2 of the French Commercial Code, approves the policy and criteria for determining, allocating and awarding the fixed, variable and exceptional compensation and benefits of all kinds to be awarded to the Deputy Chief Executive Officer of the Company in respect of 2017, as presented in that report.

**SIXTEENTH RESOLUTION****AUTHORIZATION TO TRADE IN THE COMPANY'S SHARES**

Having considered the Board of Directors' report, the Ordinary Meeting:

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

The program may also be used for any other purpose currently authorized or that may be authorized at a future date under the applicable laws or regulations, provided that the Company issues a press release notifying shareholders of said use;

2. sets the maximum number of shares that may be acquired under this authorization at €28 million and the maximum per-share purchase price at €70 (representing a maximum total investment in the buyback program of €1.96 billion). These ceilings do not include the number and price of any shares sold during the period this authorization is in effect, if the shares concerned were originally bought back for market-making purposes in accordance with the terms and conditions defined in the General Regulations of the *Autorité des marchés financiers*;
3. resolves that (i) the purchase, sale or transfer of shares may be effected and settled by any method, on the basis of and within the limits prescribed by the laws and regulations in force on the transaction date, on one or more occasions, on the market or over-the-counter, including

through the use of options, derivatives – particularly, the purchase or sale of puts or calls – or securities carrying rights to shares in the Company, (ii) the transactions may be carried out at any time within the limits prescribed by the laws and regulations in force on the transaction date, except when a public offer for the Company's shares is in progress, and (iii) the entire buyback program may be implemented through a block trade;

4. gives full powers to the Board of Directors to use this authorization and determine the terms and conditions of said use, to enter into any and all agreements, carry out any and all reporting and other formalities and generally do whatever is necessary to implement this resolution. These powers may be delegated subject to compliance with the law;
5. resolves that this authorization shall be valid for a period of 18 months as from the date of this Meeting and shall supersede, with immediate effect, any previous authorization granted for the same purpose.

## EXTRAORDINARY RESOLUTIONS

### SEVENTEENTH RESOLUTION

#### AUTHORIZATION FOR THE BOARD OF DIRECTORS TO REDUCE THE COMPANY'S CAPITAL BY CANCELING SHARES

Having considered the report of the Board of Directors and the Statutory Auditors' special report, the Extraordinary Meeting resolves, in accordance with Article L. 225-209 of the French Commercial Code:

1. to authorize the Board of Directors to reduce the Company's capital, on one or more occasions, by canceling all or some of the shares bought back by the Company, provided that the number of shares canceled in any 24-month period does not exceed 10% of the total number of shares outstanding at the close of this Meeting;
2. to give full powers to the Board of Directors – which may be delegated in accordance with the law – to:
  - carry out the capital reduction(s),
  - set the final amount and the terms and conditions of the share cancellation(s), and place the capital reduction(s) on record,
  - charge the difference between the carrying amount of the canceled shares and their par value to any reserve or premium accounts,
  - appropriate the portion of the statutory reserves that has become available pursuant to the capital reduction,
  - amend the Company's Bylaws to reflect the new capital and generally do everything necessary,
 all in compliance with the laws and regulations in force when this authorization is used;

3. that this authorization shall be valid for a period of 24 months as from the date of this Meeting and shall supersede, with immediate effect, any previous authorizations granted for the same purpose.

### EIGHTEENTH RESOLUTION

#### AUTHORIZATION FOR THE BOARD OF DIRECTORS TO ISSUE SHARES AND/OR SECURITIES CARRYING RIGHTS TO SHARES WITH PRE-EMPTIVE SUBSCRIPTION RIGHTS

Having considered the report of the Board of Directors and the Statutory Auditors' special report, the Extraordinary Meeting resolves, in accordance with Articles L. 225-129, L. 225-129-2, L. 225-134, L. 228-91 to L. 228-93 and the other relevant provisions of the French Commercial Code:

1. to give the Board of Directors the necessary powers to issue, with pre-emptive subscription rights, on one or more occasions, ordinary shares and/or securities carrying immediate or deferred rights to ordinary shares of the Company – or of any entity in which the Company directly or indirectly holds over half of the capital – and/or securities carrying rights to debt securities. The Board of Directors shall have full discretionary powers to determine the amount and timing of said issues, which may be carried out in France or abroad. The securities may be denominated in Euros, foreign currencies or any monetary unit determined by reference to a basket of currencies and may be paid up in cash or by capitalizing

liquid and callable debt. This authorization does not affect the authority vested in the Board of Directors by Article L. 228-92 of the French Commercial Code to issue compound debt securities with rights to other debt securities or rights to existing equity instruments;

2. that the aggregate par value of shares issued under this authorization, either directly or on exercise of conversion, exchange, redemption or other rights attached to securities, shall not exceed €427 million, not including the par value of any additional shares to be issued pursuant to the applicable laws, regulations or any contractual provisions to protect the rights of existing holders of securities carrying rights to shares;
3. that the aggregate nominal value of bonds or other debt securities carrying rights to new shares that are issued under this authorization shall not exceed €10 billion or the equivalent in foreign currencies or monetary units;
4. that shareholders shall have a pre-emptive right to subscribe for the shares and/or other securities issued under this authorization, as provided for by law, pro rata to their existing holdings. In addition, the Board of Directors may grant shareholders a pre-emptive right to subscribe for any shares and/or other securities not taken up by other shareholders. If the issue is oversubscribed, such additional pre-emptive rights shall also be exercisable pro rata to the existing interest in the Company's capital of the shareholders concerned.

If an issue is not taken up in full by shareholders exercising their pre-emptive rights as described above, the Board of Directors may take one or more of the following courses of action, in the order of its choice:

- limit the amount of the issue to the subscriptions received provided that at least threequarters of the issue is taken up,
  - freely allocate all or some of the unsubscribed securities among the investors of its choice,
  - offer all or some of the unsubscribed securities for subscription by the public;
5. that warrants to subscribe for the Company's shares may be offered for subscription on the above basis or allocated among holders of existing shares without consideration;
  6. that the Board of Directors may not use this authorization while a public offer for the Company's shares is in progress, except with the prior authorization of the Shareholders' Meeting;
  7. that this authorization will automatically entail the waiver of shareholders' pre-emptive rights to subscribe for the shares to be issued on exercise of rights attached to other securities;

8. that the Board of Directors shall have full powers to use this authorization and to delegate said powers subject to compliance with the law. Accordingly, the Board of Directors shall be authorized to:

- decide to carry out a capital increase and determine the type of securities to be issued,
- decide on the amount of each issue, the issue price and any issue premium,
- decide the timing and other terms of the issue(s), including the form and characteristics of the securities, the opening and closing dates of the subscription period, the securities' issue price and cum rights date, the method by which they will be paid up, the terms applicable to the exercise of any rights to shares of the Company or of any entity in which the Company directly or indirectly holds over half of the capital, all other terms and conditions of issue and, in the case of debt securities, their ranking for repayment purposes,
- determine, where appropriate, the terms and conditions for (i) exercising the rights attached to the shares and/or other securities, notably by setting the date - which may be retroactive - from which new shares will carry rights; and (ii) exercising any conversion, exchange and redemption rights, as well as any other terms and conditions applicable to such share issues,
- set the terms and conditions under which the Company may buy back or exchange the securities by any method, at any time or during specified periods, with a view to holding them or canceling them in accordance with the applicable laws and regulations,
- allow for the exercise of the rights attached to the securities to be suspended, in accordance with the applicable laws and regulations,
- at its sole discretion, charge any and all costs incurred in connection with the share issues against the related premiums, and deduct from these premiums the necessary amounts to be credited to the legal reserve,
- determine and make any and all adjustments required to take into account the effect of the corporate actions and decide the method to be used, if necessary, to ensure that the rights of holders of securities with rights to shares are protected,
- place on record the capital increase(s) resulting from the use of this authorization and amend the Bylaws to reflect the new capital,
- generally, enter into any and all agreements, take all appropriate steps and carry out all formalities necessary for the issue, listing and service of the securities issued pursuant to this authorization and for the exercise of any related rights;

9. that this authorization shall be valid for a period of 26 months as from the date of this Meeting and shall supersede, with immediate effect, any previous authorization granted for the same purpose.



## NINETEENTH RESOLUTION

### AUTHORIZATION FOR THE BOARD OF DIRECTORS TO ISSUE SHARES AND/OR SECURITIES CARRYING RIGHTS TO SHARES, THROUGH A PUBLIC OFFER WITHOUT PRE-EMPTIVE SUBSCRIPTION RIGHTS

Having considered the report of the Board of Directors and the Statutory Auditors' special report, the Extraordinary Meeting resolves, in accordance with Articles L. 225-129 to L. 225-129-6, L. 225-134 to L. 225-136, L. 225-148, L. 228-92, L. 228-93 and the other relevant provisions of the French Commercial Code:

1. to give the Board of Directors the necessary powers to issue, without pre-emptive subscription rights, on one or more occasions, ordinary shares and/or securities carrying immediate or deferred rights to ordinary shares of the Company – or of any entity in which the Company directly or indirectly holds over half of the capital – and/or securities carrying rights to debt securities, through a public offer. The Board of Directors shall have full discretionary powers to determine the amount and timing of said issues, which may be carried out in France or abroad. The securities may be denominated in Euros, foreign currencies or any monetary unit determined by reference to a basket of currencies and may be paid up in cash or by capitalizing liquid and callable debt. This authorization does not affect the authority vested in the Board of Directors by Article L. 22892 of the French Commercial Code to issue compound debt securities with rights to other debt securities or rights to existing equity instruments;
2. that the aggregate par value of shares issued under this authorization, either directly or on exercise of conversion, exchange, redemption or other rights attached to securities, shall not exceed €85 million, not including the par value of any additional shares to be issued pursuant to the applicable laws, regulations or any contractual provisions to protect the rights of existing holders of securities carrying rights to shares;
3. that shares may be issued on exercise of conversion, exchange, redemption or other rights attached to securities issued by any entity in which the Company directly or indirectly holds over half of the capital, subject to the authorization of the shareholders' meeting of the Company concerned;
4. that the aggregate nominal value of bonds or other debt securities carrying rights to new shares that are issued under this authorization may not exceed €1.98 billion or the equivalent in foreign currencies or monetary units;
5. that existing shareholders shall not have a pre-emptive right to subscribe for the shares or securities with rights to shares issued pursuant to this authorization. However, as provided for in Article L. 225-135, paragraph 5, of the French Commercial Code, the Board of Directors may

choose to offer shareholders a priority right to subscribe for all or part of the issue, exercisable over a period of at least five days on the basis to be decided by the Board in compliance with the applicable laws and regulations. Any such priority rights will be non-transferable. They will be exercisable pro rata to the number of shares already held and the Board may also give shareholders the opportunity to subscribe on a priority basis for any shares or other securities not taken up by other shareholders. The unsubscribed shares or other securities will then be offered through a public placement in France, abroad or on the international market;

6. that if an issue of shares or other securities is not taken up in full by shareholders and the public, the Board of Directors may take one or both of the following courses of action, in the order of its choice:
  - limit the amount of the issue to the subscriptions received provided that at least three-quarters of the issue is taken up,
  - freely allocate all or some of the unsubscribed securities among the investors of its choice;
7. that the Board of Directors may not use this authorization while a public offer for the Company's shares is in progress, except with the prior authorization of the Shareholders' Meeting;
8. that this authorization will automatically entail the waiver of shareholders' pre-emptive rights to subscribe for the shares to be issued under this authorization on exercise of rights attached to other securities;
9. that:
  - the issue price of the ordinary shares issued directly under this authorization shall be at least equal to the minimum price provided for in the applicable regulations on the issue date (currently corresponding to the weighted average of the prices quoted for the Company's shares on Euronext Paris over the three trading days preceding the pricing date less a 5% discount), as adjusted for any difference in cum-dividend dates,
  - the issue price of securities carrying rights to ordinary shares shall be set in such a way that the amount received by the Company at the time of issue plus the amount to be received on exercise of the rights attached to the issued securities is at least equal to the minimum issue price defined above for each new share,
  - the number of shares to be issued on exercise of conversion, exchange, redemption or other rights attached to securities issued under this authorization shall be determined in such a way as to ensure that the amount per share received by the Company – taking into account the nominal value of said securities – is at least equal to the minimum issue price set out above;
10. that the Board of Directors shall have full powers to use this authorization and to delegate said powers subject to compliance with the law. Accordingly, the Board of Directors shall be authorized to:
  - decide to carry out a capital increase and determine the type of securities to be issued,



- decide on the amount of each issue, the issue price and any issue premium,
  - decide the timing and other terms of the issue(s), including the form and characteristics of the securities, the opening and closing dates of the subscription period, the securities' issue price and cum rights date, the method by which they will be paid up, the terms applicable to the exercise of any rights to shares of the Company or of any entity in which the Company directly or indirectly holds over half of the capital, all other terms and conditions of issue and, in the case of debt securities, their ranking for repayment purposes,
  - determine, where appropriate, the terms and conditions for (i) exercising the rights attached to the shares and/or other securities, notably by setting the date – which may be retroactive – from which new shares will carry rights; and (ii) exercising any conversion, exchange and redemption rights, as well as any other terms and conditions applicable to such issues,
  - set the terms and conditions under which the Company may buy back or exchange the securities by any method, at any time or during specified periods, with a view to holding them or canceling them in accordance with the applicable laws and regulations,
  - allow for the exercise of the rights attached to the securities to be suspended, in accordance with the applicable laws and regulations,
  - if the securities are issued in payment for another issuer's securities tendered to a public offer with an exchange component, (i) draw up the list of securities tendered to the offer; (ii) set the terms and conditions of the issue, the exchange ratio and, if applicable, the amount of the cash component; (iii) determine the issue terms and conditions in the case of a paper offer, a paper offer with a cash alternative or a cash offer with a paper alternative, a cash and paper offer, a paper offer with a secondary cash offer or a cash offer with a secondary paper offer or any other form of public offer that complies with the applicable laws and regulations,
  - at its sole discretion, charge any and all costs incurred in connection with said issues against the related premiums, and deduct from these premiums the necessary amounts to be credited to the legal reserve,
  - determine and make any and all adjustments required to take into account the effect of the corporate actions and decide the method to be used, if necessary, to ensure that the rights of holders of securities with rights to shares are protected,
  - place on record the capital increase(s) resulting from the use of this authorization and amend the Bylaws to reflect the new capital,
  - generally, enter into any and all agreements, take all appropriate steps and carry out all formalities necessary for the issue, listing and service of the securities issued pursuant to this authorization and for the exercise of any related rights;
11. that this authorization shall be valid for a period of 26 months as from the date of this Meeting and shall supersede, with immediate effect, any previous authorization granted for the same purpose.

## TWENTIETH RESOLUTION

### **AUTHORIZATION FOR THE BOARD OF DIRECTORS TO ISSUE SHARES AND/OR SECURITIES CARRYING RIGHTS TO SHARES, THROUGH AN OFFER GOVERNED BY ARTICLE L. 411-2-II OF THE FRENCH MONETARY AND FINANCIAL CODE WITHOUT PRE-EMPTIVE SUBSCRIPTION RIGHTS**

Having considered the report of the Board of Directors and the Statutory Auditors' special report, the Extraordinary Meeting resolves, in accordance with Articles L. 225-129 to L. 225-129-6, L. 225-135, L. 225-136, L. 228-91 to L. 228-93 and the other relevant provisions of the French Commercial Code:

1. to give the Board of Directors the necessary powers to issue on one or more occasions shares or securities with rights to shares to qualified investors or a limited group of investors as defined in Article L. 411-2 of the French Monetary and Financial Code without pre-emptive subscription rights for existing shareholders. This authorization may be used to issue ordinary shares and/or securities carrying immediate or deferred rights to ordinary shares of the Company – or of any entity in which the Company directly or indirectly holds over half of the capital – and/or securities carrying rights to debt securities. The Board of Directors shall have full discretionary powers to determine the amount and timing of said issues, which may be carried out in France or abroad. The securities may be denominated in Euros, foreign currencies or any monetary unit determined by reference to a basket of currencies and may be paid up in cash or by capitalizing liquid and callable debt. This authorization does not affect the authority vested in the Board of Directors by Article L. 228-92 of the French Commercial Code to issue compound debt securities with rights to other debt securities or rights to existing equity instruments;
2. that the aggregate par value of shares issued under this authorization, either directly or on exercise of conversion, exchange, redemption or other rights attached to securities, shall not exceed €85 million, not including the par value of any additional shares to be issued pursuant to the applicable laws, regulations or any contractual provisions to protect the rights of existing holders of securities carrying rights to shares;
3. that shares may be issued on exercise of conversion, exchange, redemption or other rights attached to securities issued by any entity in which the Company directly or indirectly holds over half of the capital, subject to the authorization of the shareholders' meeting of the Company concerned;
4. that the aggregate nominal value of bonds or other debt securities carrying rights to new shares that are issued under this authorization may not exceed €1.98 billion or the equivalent in foreign currencies or monetary units;

5. that existing shareholders shall not have a pre-emptive right to subscribe for the securities issued under this authorization;
6. that if an issue is not taken up in full by qualified investors, the Board of Directors may take one or both of the following courses of action, in the order of its choice:
  - limit the amount of the issue to the subscriptions received provided that at least three-quarters of the issue is taken up,
  - freely allocate all or some of the unsubscribed securities among the investors of its choice;
7. that the Board of Directors may not use this authorization while a public offer for the Company's shares is in progress, except with the prior authorization of the Shareholders' Meeting;
8. that this authorization will automatically entail the waiver of shareholders' pre-emptive rights to subscribe for the shares to be issued on exercise of rights attached to other securities;
9. that:
  - the issue price of the shares issued directly under this authorization shall be at least equal to the weighted average of the prices quoted for the Company's shares on Euronext Paris over the three trading days preceding the pricing date less a 5% discount, as adjusted for any difference in cum-dividend dates,
  - the issue price of securities carrying rights to shares shall be set in such a way that the amount received by the Company at the time of issue plus the amount to be received on exercise of the rights attached to the issued securities is at least equal to the minimum issue price defined above for each new share,
  - the number of shares to be issued on exercise of conversion, exchange, redemption or other rights attached to securities issued under this authorization shall be determined in such a way as to ensure that the amount per share received by the Company – taking into account the nominal value of said securities – is at least equal to the minimum issue price set out above;
10. that the Board of Directors shall have full powers to use this authorization and to delegate said powers subject to compliance with the law. Accordingly, the Board of Directors shall be authorized to:
  - decide to carry out a capital increase and determine the type of securities to be issued,
  - draw up the list of investors to whom the securities will be offered,
  - decide on the amount of each issue, the issue price and any issue premium,
  - decide the timing and other terms of the issue(s), including the form and characteristics of the securities, the opening and closing dates of the subscription period, the securities' issue price and cum rights date, the method by which they will be paid up, the terms applicable to the exercise of any rights to shares of the Company or of any entity in which the Company directly or indirectly holds over half of the capital, all other terms and conditions of issue and, in the case of debt securities, their ranking for repayment purposes,
- determine, where appropriate, the terms and conditions for (i) exercising the rights attached to the shares and/or other securities, notably by setting the date – which may be retroactive – from which new shares will carry rights; and (ii) exercising any conversion, exchange and redemption rights, as well as any other terms and conditions applicable to such issues,
- set the terms and conditions under which the Company may buy back or exchange the securities by any method, at any time or during specified periods, with a view to holding them or canceling them in accordance with the applicable laws and regulations,
- allow for the exercise of the rights attached to the securities to be suspended, in accordance with the applicable laws and regulations,
- at its sole discretion, charge any and all costs incurred in connection with said issues against the related premiums, and deduct from these premiums the necessary amounts to be credited to the legal reserve,
- determine and make any and all adjustments required to take into account the effect of the corporate actions and decide the method to be used, if necessary, to ensure that the rights of holders of securities with rights to shares are protected,
- place on record the capital increase(s) resulting from the use of this authorization and amend the Bylaws to reflect the new capital,
- generally, enter into any and all agreements, take all appropriate steps and carry out all formalities necessary for the issue, listing and service of the securities issued pursuant to this authorization and for the exercise of any related rights;
11. that this authorization shall be valid for a period of 26 months as from the date of this Meeting and shall supersede, with immediate effect, any previous authorization granted for the same purpose.

## TWENTY-FIRST RESOLUTION

### AUTHORIZATION FOR THE BOARD OF DIRECTORS TO INCREASE THE SIZE OF AN ISSUE WITH OR WITHOUT PRE-EMPTIVE SUBSCRIPTION RIGHTS

Having considered the report of the Board of Directors and the Statutory Auditors' special report, the Extraordinary Meeting resolves, in accordance with Article L. 225-135-1 of the French Commercial Code:

1. to grant the Board of Directors full powers – which may be delegated in accordance with the law – to increase the number of securities included in an issue of shares and/or securities carrying rights to shares, with or without pre-emptive subscription rights, notably in order to grant

a greenshoe option in accordance with standard market practices. Said additional securities will be issued at the same price as for the original issue in accordance with the conditions and ceiling specified in the applicable regulations (currently the additional securities must be issued within thirty days of the close of the original subscription period and may not represent more than 15% of the original issue amount). Such additional issues will also be subject to the blanket ceiling set in the twenty-fourth resolution;

2. that this authorization shall be valid for a period of 26 months as from the date of this Meeting and shall supersede, with immediate effect, any previous authorization granted for the same purpose.

## TWENTY-SECOND RESOLUTION

### AUTHORIZATION FOR THE BOARD OF DIRECTORS TO ISSUE SHARES AND/OR SECURITIES CARRYING RIGHTS TO SHARES IN PAYMENT FOR CONTRIBUTED ASSETS

Having considered the report of the Board of Directors and the Statutory Auditors' special report, the Extraordinary Meeting resolves, in accordance with Articles L. 225-129 *et seq.* of the French Commercial Code and the other relevant provisions of the French Commercial Code including Article L. 225-147, paragraph 6:

1. to authorize the Board of Directors to issue ordinary shares and/or securities carrying immediate and/or deferred rights to ordinary shares in payment for shares and/or securities carrying rights to shares contributed to the Company other than in connection with a public tender offer. The aggregate par value of shares issued directly or indirectly under this authorization may not exceed €85 million. This authority may be delegated in accordance with the law. This authorization does not affect the exclusive authority vested in the Board of Directors by Article L. 228-92 of the French Commercial Code to issue compound debt securities with rights to other debt securities or rights to existing equity instruments;
2. that the aggregate nominal value of bonds or other debt securities carrying rights to new shares that are issued under this authorization may not exceed €1.98 billion or the equivalent in foreign currencies or monetary units;
3. that the Board of Directors may not use this authorization while a public offer for the Company's shares is in progress, except with the prior authorization of the Shareholders' Meeting;
4. to give the Board of Directors full powers to use this authorization, including the power (i) to approve the value attributed to the contributed assets as well as the granting of any specific benefits; (ii) subject to the agreement of the contributor, to reduce the value attributed to the contributed assets or the consideration paid for specific benefits; (iii) to place the capital contribution on record; (iv) to charge any related fees and expenses to the share

premium; and (v) to increase the Company's capital and amend the Bylaws accordingly. These powers may be delegated in accordance with the law;

5. that, in accordance with the law, the Board of Directors' decision to carry out any issues under this authorization will be based on the report of one or several appraisal auditors;
6. that this authorization shall be valid for a period of 26 months as from the date of this Meeting and shall supersede, with immediate effect, any previous authorization granted for the same purpose.

## TWENTY-THIRD RESOLUTION

### AUTHORIZATION FOR THE BOARD OF DIRECTORS TO INCREASE THE COMPANY'S CAPITAL BY CAPITALIZING RETAINED EARNINGS, PROFIT, ADDITIONAL PAID-IN CAPITAL OR ANY OTHER ELIGIBLE AMOUNTS

Having considered the report of the Board of Directors, the Ordinary Meeting resolves, in accordance with Articles L. 225-129, L. 225-129-2 and L. 225-130 of the French Commercial Code:

1. to give the Board of Directors full powers to decide to increase the capital, on one or more occasions, by capitalizing retained earnings, profit, additional paid-in capital or any other eligible amounts and issuing bonus shares and/or increasing the par value of existing shares, as well as to determine the amount and timing of such increases. Any such capital increases may be carried out jointly with any share issues for cash carried out pursuant to the eighteenth to twentieth resolutions of this Meeting;
2. that the aggregate par value of shares issued under this authorization shall not exceed €427 million, not including the par value of any additional shares to be issued pursuant to the applicable laws, regulations or any contractual provisions to protect the rights of existing holders of securities carrying rights to shares;
3. that the Board of Directors may not use this authorization while a public offer for the Company's shares is in progress, except with the prior authorization of the Shareholders' Meeting;
4. that the Board of Directors shall have full powers to use this authorization and to delegate said powers subject to compliance with the law. Accordingly, the Board of Directors shall be authorized to:
  - set the terms and conditions of the authorized transactions; decide on the amount and types of items to be capitalized, the number of new shares to be issued or the amount by which the par value of existing shares is to be increased; set the retroactive or future date from which the new shares will carry dividend and voting rights or the date on which the increase in par value will be effective; and charge the share issuance costs and any other costs against the related premium,

- decide that any rights to fractions of shares shall be non-transferable and that the corresponding shares will be sold and the sale proceeds allocated among the rights holders within the period specified in the French Commercial Code,
  - take all necessary measures and enter into any and all agreements to permit the execution of the planned transaction(s), and generally do whatever is necessary, perform all actions and formalities required to implement the capital increase(s) carried out under this authorization and amend the Bylaws to reflect the new capital;
5. that this authorization shall be valid for a period of 26 months as from the date of this Meeting and shall supersede, with immediate effect, any previous authorization granted for the same purpose.

## TWENTY-FOURTH RESOLUTION

### BLANKET CEILING ON THE AUTHORIZATIONS TO ISSUE SHARES AND/OR OTHER SECURITIES CARRYING RIGHTS TO SHARES

Having considered the Board of Directors' report, the Extraordinary Meeting resolves:

1. to set at €427 million the maximum aggregate par value of shares to be issued directly or on exercise of the rights attached to other securities pursuant to the authorizations granted to the Board of Directors in the eighteenth to twenty-third resolutions;
2. to set at €85 million the maximum aggregate par value of shares to be issued directly or on exercise of the rights attached to other securities that are issued without pre-emptive subscription rights for existing shareholders pursuant to the authorizations granted to the Board of Directors in the nineteenth to twenty-second resolutions,

that these ceilings shall not include the par value of any additional shares to be issued pursuant to the applicable laws, regulations or any contractual provisions to protect the rights of existing holders of securities carrying rights to shares.

## TWENTY-FIFTH RESOLUTION

### AUTHORIZATION FOR THE BOARD OF DIRECTORS TO ISSUE SHARES AND/OR SECURITIES CARRYING RIGHTS TO SHARES TO EMPLOYEES WHO ARE MEMBERS OF AN ACCOR GROUP EMPLOYEE STOCK OWNERSHIP PLAN

Having considered the report of the Board of Directors and the Statutory Auditors' special report, the Extraordinary Meeting resolves, in accordance with Articles L. 3332-1 *et seq.* of the French Labor Code and Articles L. 225-129-6 and L. 225-138-1 of the French Commercial Code:

1. to authorize the Board of Directors to issue ordinary shares and/or securities carrying rights to ordinary shares on one or more occasions to employees of the Company and French and foreign related companies, within the meaning of Article L. 225-180 of the French Commercial Code, who are members of an AccorHotels Group employee stock ownership plan (*Plan d'Épargne d'Entreprise*);
2. to authorize the Board of Directors to grant employees free shares and/or securities carrying rights to shares, within the limits prescribed in Article L. 3332-21 of the French Labor Code, as part of any capital increase(s) carried out under this resolution;
3. that the total number of shares that may be issued directly or indirectly under this authorization may not exceed the equivalent of 2% of the Company's capital as of the date of this Meeting;
4. that the subscription price for the shares issued under this authorization may not exceed the average of the prices quoted for the Company's shares during the twenty trading days preceding the Board of Directors' decision setting the opening date of the subscription period and may not represent less than said average less the maximum discount authorized by the regulations in force on the pricing date, and that the characteristics of any securities carrying rights to shares will be set in accordance with said regulations;
5. that this resolution automatically entails the waiver by shareholders of their pre-emptive rights to subscribe for any shares and/or other securities to be issued pursuant to this authorization, as well as their rights concerning any free shares offered to employees pursuant to this authorization;
6. that the Board of Directors shall have full powers to use this authorization and to delegate said powers subject to compliance with the law. Accordingly, the Board of Directors shall be authorized to:
  - draw up the list of companies whose employees will be entitled to subscribe for the shares and/or other securities,
  - decide that the securities may be acquired either directly or through a corporate mutual fund,
  - allow employees a specified period of time to pay up their securities,
  - set the terms and conditions of membership of the employee stock ownership plan, and draw up or amend the plan rules,
  - set the opening and closing dates of the subscription period, the issue price of the shares or other securities and the number of new shares that may be issued,
  - place on record the capital increase(s) and carry out all related transactions and formalities, either directly or through a representative,
  - amend the Company's Bylaws to reflect the new capital and, generally, take all appropriate measures and do whatever is necessary to comply with the applicable laws and regulations;
7. that this authorization shall be valid for a period of 26 months as from the date of this Meeting and shall supersede, with immediate effect, any previous authorization granted for the same purpose.

## TWENTY-SIXTH RESOLUTION

### AUTHORIZATION FOR THE BOARD TO MAKE GRANTS OF FREE EXISTING OR NEW SHARES CONDITIONAL ON PERSONAL INVESTMENT AND PERFORMANCE TO EMPLOYEES AND EXECUTIVE OFFICERS, UNDER THE 2017 CO-INVESTMENT PLAN

Having considered the report of the Board of Directors on the implementation of a co-investment plan in 2017 ("2017 Co-Investment Plan") and the Statutory Auditors' special report, the Extraordinary Meeting resolves, in accordance with Articles L. 225-197-1 *et seq.* of the French Commercial Code:

1. to authorize the Board of Directors to make one or more grants of free new or existing shares conditional on the performance of Accor stock ("performance shares") pursuant to the 2017 Co-Investment Plan;
2. that the performance shares may be granted to employees and executive officers of the Company or of directly or indirectly related companies within the meaning of Article L. 225-197-2 of the French Commercial Code;
3. that only those employees or executive officers who have made a personal investment in shares of the Company under the 2017 Co-Investment Plan shall be eligible to receive performance shares pursuant to this resolution, on the basis of three performance shares for each Accor personal investment share;
4. that the performance shares shall only vest (i) if the grantees remain in service throughout the vesting period and (ii) if the following three conditions are met, in accordance with the terms and exemptions to be set by the Board of Directors:
  - an Accor stock performance condition calculated on the basis of a reference price of €35.19 and assessed after a period of three years based on the average opening price of Accor stock on Euronext Paris in the six months preceding the assessment date, to the extent that (i) all of the performance shares shall lapse if the average opening price is not at least 155% of the reference price, and (ii) the performance shares shall only vest in full if the average opening price is equal to or more than 170% of the reference share price,
  - at least 90% of the cumulative budgeted EBIT is achieved over 2017, 2018 and 2019,
  - all Accor personal investment shares are held by the employee throughout the vesting period;
5. that the total number of performance shares granted pursuant to this resolution may not exceed 2% of the Company's share capital at the close of this Shareholders' Meeting provided that (i) this ceiling shall be adjusted where necessary by the number of additional performance shares to be granted to protect the rights of grantees in the event of a corporate action, and (ii) the total number of performance shares granted to executive officers of the Company may not exceed 0.2% of the Company's share capital at the close of this Shareholders' Meeting;
6. that the performance shares granted shall be subject to a vesting period of three years, with no mandatory lock-up period except for that applicable to the executive officers and members of the Company's Executive Committee pursuant to the requirements imposed by the Board of Directors;
7. that the performance shares may vest early in the event that the grantee becomes subject to category 2 or 3 disability as defined in Article 341-4 of the French Social Security Code, or a similar scale in other countries, in which case they shall become freely transferable;
8. that the Board of Directors shall have full powers to use this authorization and to delegate said powers subject to compliance with the law. Accordingly, the Board of Directors shall be authorized to:
  - decide whether the performance shares granted shall be new or existing shares,
  - determine the categories and/or identity of the grantees,
  - set the dates and terms of the grants,
  - set the terms of any lock-up period for the Accor personal investment shares purchased under the plan, the market condition, EBIT condition and service condition, as well as any changes or exemptions to these conditions in case of special circumstances,
  - determine the lock-up periods for performance shares granted to executive officers and members of the Company's Executive Committee,
  - where applicable, during the vesting period, adjust the number of performance shares granted or make any other adjustments necessary to protect the rights of the grantees in the event of a corporate action. The performance shares granted pursuant to such adjustments shall be deemed to have been granted on the same day as the initial grant,
  - if the performance shares issued to grantees are new shares, deduct the amount required to pay for the shares from reserves, retained earnings or additional paid-in capital, place on record any capital increase arising pursuant to the use of this authorization, amend the Bylaws accordingly and, more generally, do whatever is necessary,
  - take all useful measures and enter into any and all agreements to perform the completion of the planned share grants;
9. that this authorization will automatically lead to a capital increase paid up by capitalizing reserves, profit or additional paid-in capital as and when the performance shares vest and a corresponding waiver by the existing shareholders of their rights over the capitalized amounts and any preemptive subscription rights;



10. that this authorization does not have the same purpose as the tenth resolution passed by the Combined Ordinary and Extraordinary Shareholders' Meeting of April 22, 2016 and, therefore, that this authorization does not cancel or supersede the unused portion of the authorization given under that resolution;

11. that this authorization shall be valid for a period of 12 months from the date of this Meeting.

## ORDINARY RESOLUTIONS

### TWENTY-SEVENTH RESOLUTION

#### AUTHORIZATION FOR THE BOARD OF DIRECTORS TO ISSUE FREE SHARE WARRANTS TO SHAREHOLDERS IN THE EVENT OF A PUBLIC OFFER FOR THE SHARES OF THE COMPANY

Having considered the report of the Board of Directors and the Statutory Auditors' special report, the Ordinary Meeting resolves, in accordance with Article L. 233-32-II of the French Commercial Code:

1. to authorize the Board of Directors, in the event of a public offer for the shares of the Company, to make one or more issues of warrants entitling the holders to subscribe for one or more shares of the Company on preferential terms, and to allot the warrants free of consideration to all shareholders of record prior to the last day of the public offer, in the proportions and at the times it deems appropriate;
2. that the aggregate par value of shares issued upon the exercise of the warrants may not exceed €213 million (*i.e.*, 25% of the share capital), not including the par value of any additional shares issued to protect the rights of the warrant holders pursuant to the applicable laws, regulations or any contractual provisions, and that the maximum number of warrants that may be issued pursuant to this authorization may not exceed the number of shares comprising the share capital on the date of issuance of the warrants;
3. that this authorization may only be used by the Board of Directors after obtaining a positive opinion from a specialized committee of the Board of Directors, chaired by the Vice-Chairman and comprising three independent directors, which shall itself be required to consult a financial adviser of its choice before issuing its opinion;
4. that the warrants issued pursuant to this authorization shall not be exercisable and shall lapse automatically if the public offer for the shares of the Company or any counter-bid should fail and that, in such case, this authorization shall be deemed not to have been used and shall accordingly remain in full force and effect. The lapsed warrants shall therefore not be included in the aggregate number of warrants that may be issued in the event of its subsequent use;

5. that, insofar as necessary, this authorization shall entail the waiver by the shareholders of their preemptive rights over the shares of the Company to which the warrants issued pursuant to this authorization entitle their holders;

6. that the Board of Directors shall have full powers to use this authorization and to delegate said powers subject to compliance with the law. Accordingly, the Board of Directors shall be authorized to:

- set the terms and conditions of the issuance and allotment of the warrants, including the option to postpone or cancel the issue, and the number of warrants to be issued,
- set the terms and conditions of exercise of the warrants, which shall be related to the terms of the public offer or any counter-bid, as well as the other characteristics of the warrants, including the exercise price or method of setting the exercise price,
- set the terms and conditions of any adjustments to be made to protect the rights of warrant holders in accordance with the law, regulations or any contractual provisions,
- set the terms and conditions of any capital increase arising upon exercise of the warrants, set the cum-rights date of the shares to be issued and, if it deems appropriate, deduct the costs, duties and fees incurred pursuant to the capital increases from the amount of related additional paid-in capital and deduct from this amount the sum required to bring the legal reserve up to one tenth of the new share capital after each capital increase,
- place on record the capital increase resulting from the exercise of the warrants, amend the Bylaws accordingly, perform all actions and formalities required and, more generally, do whatever is necessary;

7. that this authorization shall be valid for a period expiring at the end of the offer period of any public offer for the shares of the Company made within 18 months of this Meeting.

### TWENTY-EIGHTH RESOLUTION

#### POWERS TO CARRY OUT FORMALITIES

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



# Members of the Board of Directors AFTER THE SHAREHOLDERS' MEETING OF MAY 5, 2017

If the proposed resolutions in this Notice of Meeting are adopted, as of the close of the Annual Shareholders' Meeting on May 5, 2017, the Accor Board of Directors will have 16 members:



**Sheikh Nawaf Bin Jassim Bin Jabor Al-Thani**  
Chairman of Katara Hospitality

**Term of office expires**  
2019 Shareholders' Meeting



**Aziz Aluthman Fakhroo**  
Under-Secretary of State at the Ministry of Finance, Qatar

**Term of office expires**  
2019 Shareholders' Meeting

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



**Vivek Badrinath**  
Chief Executive Officer, Vodafone AMAP

**Term of office expires**  
2018 Shareholders' Meeting



**Jean-Paul Bailly<sup>(1)</sup>**  
Honorary Chairman of the La Poste Group

**Term of office expires**  
2018 Shareholders' Meeting

- Chairman of the Corporate Governance, Compliance & CSR Committee
- Member of the Commitments Committee



**Sébastien Bazin**  
Chairman and Chief Executive Officer

**Term of office expires**  
2020 Shareholders' Meeting



**Iliane Dumas<sup>(2)</sup>**  
Business project manager within the Group's Talent & Culture Department

**Term of office expires**  
May 2, 2017

- Member of the Appointments & Compensation Committee



**Mercedes Erra<sup>(1)</sup>**  
Executive President of Havas Worldwide

**Term of office expires**  
2018 Shareholders' Meeting

- Member of the Corporate Governance, Compliance & CSR Committee
- Member of the Commitments Committee



**Sophie Gasperment<sup>(1)</sup>**  
Group General Manager, L'Oréal, Financial Communication and Strategic Prospective

**Term of office expires**  
2019 Shareholders' Meeting

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

(1) Independent Director.

(2) Director representing employees.





**Qionger Jiang<sup>(1)</sup>**  
Chief Executive Officer  
and Artistic Director of Shang Xia

**Term of office expires**  
2019 Shareholders' Meeting

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



**Iris Knobloch<sup>(1)</sup>**  
President of Warner Bros. Entertainment France

**Term of office expires**  
2020 Shareholders' Meeting

- Vice-Chairman of the Board of Directors
- Member of the Appointments & Compensation Committee
- Member of the International Strategy Committee



**Bertrand Meheut<sup>(1)</sup>**  
Chairman of the Canal+ Group  
Management Board until September 2015

**Term of office expires**  
2018 Shareholders' Meeting

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



**Nicolas Sarkozy<sup>(1)</sup>**  
Leader of the French political party  
Les Républicains until November 2016

**Term of office expires**  
2019 Shareholders' Meeting

- Chairman of the International Strategy Committee



**Patrick Sayer**  
Chairman of the Executive Board  
of Eurazeo

**Term of office expires**  
2019 Shareholders' Meeting

- Member of the Appointments & Compensation Committee
- Chairman of the Commitments Committee



**Isabelle Simon<sup>(1)</sup>**  
Group Secretary & General Counsel,  
member of the Executive Committee,  
Thales Group

**Term of office expires**  
2019 Shareholders' Meeting

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



**Natacha Valla<sup>(1)</sup>**  
Head of Economic Policy and Strategy  
at the European Investment Bank

**Term of office expires**  
2019 Shareholders' Meeting

- Member of the Audit and Risks Committee



**Sarmad Zok**  
Chairman and CEO of Kingdom Hotel  
Investments and Executive Board Director  
of Kingdom Holding Company

**Term of office expires**  
2019 Shareholders' Meeting

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

<sup>(1)</sup> Independent Director.



# Statutory Auditors' report ON THE FINANCIAL STATEMENTS

Year ended December 31, 2016

*This is a free translation into English of the statutory auditors' report issued in French and is provided solely for the convenience of English speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the financial statements. This report should be read in conjunction 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 Annual General Meeting, we hereby report to you, for the year ended December 31, 2016 on:

- the audit of the accompanying financial statements of ACCOR;
- the justification of our assessments;
- the specific verification and information required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

## I. OPINION ON THE FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and the financial position of the Company as of December 31, 2016 and of the results of its operations for the year then ended in accordance with French generally accepted accounting principles.

## II. JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the requirements of Article L. 823-9 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

- Note 1.c to the financial statements sets out the accounting policies and methods used to value shares in subsidiaries and affiliates and other long-term investments. We have verified the appropriateness of these accounting policies and methods and of the related disclosures in the notes to the financial statements. We have also examined the consistency of the data and assumptions used and the supporting documentation provided, and on these bases have assessed the reasonableness of the estimates made.

These assessments were made as part of our audit of the financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

## III. SPECIFIC PROCEDURES AND DISCLOSURES

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

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

Concerning the information given in accordance with the requirements of Article L. 225-102-1 of the French Commercial Code (*Code de commerce*) relating to remunerations and benefits received by the directors and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from companies controlling your company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the management report contains the appropriate disclosures as to the acquisition of equity and controlling interests, and the identity of shareholders and holders of voting rights.

Paris-La Défense and Neuilly-sur-Seine, March 22, 2017

The Statutory Auditors

ERNST & YOUNG et Autres

Jacques Pierres

DELOITTE & ASSOCIÉS

David Dupont-Noel

Guillaume Crunelle



# Statutory Auditors' report ON THE CONSOLIDATED FINANCIAL STATEMENTS

**Year ended December 31, 2016**

*This is a free translation into English of the statutory auditors' report issued in French and is provided solely for the convenience of English speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements. This report should be read in conjunction 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 Annual General Meeting, we hereby report to you, for the year ended December 31, 2016, on:

- the audit of the accompanying consolidated financial statements of ACCOR;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

## I. OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the financial position and assets and liabilities of the Group as of December 31, 2016 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

## II. JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the requirements of Article L. 823-9 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

- Notes 1.A, 2.E.7 and 3 to the consolidated financial statements describe the spin-off and sale of part of the HotelInvest activity and the accounting rules and methods relating to the application of IFRS 5 ("Non-current Assets Held for Sale and Discontinued Operations"). Our work mainly consisted in assessing the reasonableness of the elements which lead to the application of IFRS 5, in particular, regarding the documentation provided relating to loss of control. Our work also consisted in verifying the correct identification and valuation of assets and liabilities which have been reclassified in assets held for sale as of December 31, 2016, and validating the reclassification of the contributions to net income and cash flow of the Group for fiscal years 2015 and 2016 of the part held for sale. We have also verified the appropriateness of the disclosures provided in the notes to the consolidated financial statements relating to this transaction.
- Note 1.B to the consolidated financial statements relating to the "Acquisition of the luxury brands Fairmont, Raffles et Swissôtel" describes the terms and conditions of the acquisition of FRHI Hotels & Resorts, their impact on the consolidated financial statements and in particular, the allocation of the purchase price. Our work consisted in examining the external independent appraiser's report which was relied on by the Company to determine among others the fair value of the brands and management contracts entered into with hotel owners, to familiarize ourselves with the data and the valuation methods used and to assess the appropriateness of the assumptions used. Our work also consisted in verifying the correct accounting treatment of this acquisition in accordance with the terms and conditions described in Note 2.B "Business combinations and acquisition of assets" and to validate the appropriateness of the information presented in Note 1.B to the consolidated financial statements.

- Note 2.E.6 to the consolidated financial statements describes the accounting rules and methods for determining the recoverable value of property, plant & equipment, intangible assets and goodwill. We have verified the appropriateness of the above-mentioned accounting methods and the disclosures provided in Note 13 to the consolidated financial statements, verified the consistency of the data and the assumptions adopted as well as the documentation provided and on these bases, assessed the reasonableness of the estimates made.
- Note 26 to the consolidated financial statements describes the legal proceedings currently underway regarding tax audits in various countries, as well as Management's positions concerning these disputes. Our work consisted of assessing the reasonableness of the elements on which these positions are based and verifying that the note to the consolidated financial statements provides appropriate disclosures.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

### III. SPECIFIC VERIFICATION

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

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

Paris-La Défense and Neuilly-sur-Seine, March 22, 2017

The Statutory Auditors

ERNST & YOUNG et Autres

Jacques Pierres

DELOITTE & ASSOCIÉS

David Dupont-Noel

Guillaume Crunelle



# Statutory Auditors' special report ON RELATED PARTY AGREEMENTS AND COMMITMENTS

## Shareholders' Meeting to approve the financial statements for the year ended December 31, 2016

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

To the Shareholders,

In our capacity as Statutory Auditors of Accor, we hereby report to you on related party agreements and commitments.

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

It is also our responsibility to provide shareholders with the information required under Article R. 225-31 of the French Commercial Code, on the performance during 2016 of any agreements and commitments already approved by shareholders.

We conducted our procedures in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this engagement. These procedures involved verifying that the information provided to us is consistent with the underlying documents.

## AGREEMENTS AND COMMITMENTS SUBMITTED FOR SHAREHOLDER APPROVAL

Pursuant to Article L. 225-40 of the French Commercial Code, we have been advised of the following agreements and commitments that were previously approved by the Board of Directors.

### 1/ With Eurazeo

#### **Type of agreement and purpose:**

Conclusion of a Protocol Framework Agreement with EURAZEO relating to the NOVA project.

#### **Corporate officer concerned:**

Mr. Patrick Sayer, Director of Accor and Chairman of the Executive Board of EURAZEO.

#### **Terms and conditions:**

The Board of Directors meeting of April 22, 2016 authorized the Company to enter into a Protocol Framework Agreement with EURAZEO providing for:

- the subscription by Accor, directly or indirectly, to 30% of the share capital of Grape Hospitality Holding;
- the conclusion of a shareholders' agreement between Accor and Eurazeo in their capacities as shareholders of Grape Hospitality Holding;
- the sale by Accor to Grape Hospitality Holding of 28 hotels and 85 businesses for €146.4 million;
- the conclusion of franchise agreements for the continued operation of the hotels and businesses sold under the AccorHotels brand name;
- a "guarantee" from Accor ensuring that its subsidiaries, parties to the Protocol Framework Agreement, comply with their obligations under the Protocol, including, in particular, a performance guarantee relating to the compensation undertaking for each of the Accor entities, should one of them fail to perform its compensation obligations with respect to an "Accor Deed of Sale" (such as the term is defined in the Protocol Framework Agreement).

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

***Reasons justifying the interest of the agreement for the Company:***

The Board of Directors considered that this transaction, including the sale of the buildings and businesses of the hotels that will continue to be operated under the AccorHotels brand name, are part of the commitments made by the Group with respect to its reorganization of real estate assets policy.

Furthermore, the financial conditions of the transaction were reviewed by an independent external bank which concluded that the selling price was fair.

**2/ With Sven Boinet, Deputy Chief Executive Officer**

The term of office of the Deputy Chief Executive Officer, Mr. Sven Boinet, was renewed on December 2, 2016, for a period of two years starting from his current term of office. In this respect, the Board of Directors met on October 11, 2016 and authorized for Mr. Sven Boinet:

- the renewal of identical termination benefits for the ending of his term of office except in case of non-renewal of his term of office of Deputy Chief Executive Officer in which case the amount of the termination benefits would not be paid, and
- with respect to his term of office, his inclusion in a supplementary pension plan for Accor Group senior executives, the participation in the defined benefit plan being henceforth subject to performance conditions, in accordance with the Law of August 6, 2015.

***Reasons justifying the interest of the commitment for the Company:***

The Board of Directors considered that the renewal and the conclusion of two commitments made by the Company in favor of Mr. Sven Boinet are part of the renewal of his corporate term of office under conditions identical to those granted upon his appointment; conditions in accordance with the practices of major French companies.

***a. Type of commitment and purpose:***

Termination benefits for the ending of the duties of Mr. Sven Boinet

***Terms and conditions:***

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

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

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

These performance criteria would be applied as follows:

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

***b. Type of commitment and purpose:***

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

***Terms and conditions:***

The Board of Directors decided to allow Mr. Sven Boinet to benefit from the supplementary pension plan whose members comprise several dozen Accor Group senior executives.

In accordance with the Law of August 6, 2015, the vesting of rights to defined benefit plans (Article 39) is henceforth subject to achieving the following two conditions:

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

Under the terms of this overall plan, except in specific cases provided for by law, if a plan member leaves the Group before settlement of the pension, he only retains the rights accrued under the defined contribution plan (Article 83), based on annual employer contributions of up to 5% of five times the annual cap on the basis for calculating Social Security contributions and forfeits the rights accrued under the defined benefit plan.

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

With respect to 2016, the Company paid €9,654 under this plan.

## AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE SHAREHOLDERS

### A. AGREEMENTS AND COMMITMENTS APPROVED DURING PREVIOUS YEARS WITH CONTINUING EFFECT DURING THE FISCAL YEAR

Pursuant to Article R.225-30 of the French Commercial Code, we have been advised of the following agreements and commitments that were approved by shareholders in previous years and which were implemented in 2016.

#### 1/ With Mr. Sébastien Bazin, Chairman and Chief Executive Officer

##### a. Type of commitment and purpose:

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

##### Terms and conditions:

The Board of Directors authorized Mr. Sébastien Bazin's inclusion in the supplementary pension plan whose members comprise several dozen Accor Group senior executives.

Pursuant to the Law of August 6, 2015, the Board of Directors decided to submit Mr. Bazin's participation in this plan to the achievement of performance conditions which must be noted annually by the Board.

The vesting of rights under the defined benefit plan (Article 39) is subject to achieving the following two conditions:

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

Under the terms of this overall plan, except in specific cases provided for by law, if a plan member leaves the Group before retirement, he only retains the rights accrued under the defined contribution plan (Article 83), based on annual employer contributions of up to 5% of five times the annual cap on the basis for calculating Social Security contributions and forfeits the rights accrued under the defined benefit plan.

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

In respect of 2016, the Company paid €9,654 under this plan.

##### b. Type of commitment and purpose:

Private unemployment insurance plan.

##### Terms and conditions:

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

The premiums paid by the Company to GSC in 2016 on behalf of Mr. Bazin amounted to €30,757.



## 2/ With Sven Boinet, Deputy Chief Executive Officer

### *Type of commitment and purpose:*

Employment contract with Mr. Sven Boinet.

### *Terms and conditions:*

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

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

## 3/ With Institut Paul Bocuse

### *Type of commitment and purpose:*

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

### *Executive officer concerned and other related party:*

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

### *Terms and conditions:*

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

Under this agreement – whose purpose is to help Institut Paul Bocuse invest in new equipment – AccorHotels will play a part in expanding the operations, notably outside France, of one of its long-standing partners.

As of December 31, 2016, the amount of the loan granted to the Company totaled €200,000 and in respect of 2016, Institut Paul Bocuse paid €4,066.67 in annual interest relating to this loan.

## 4/ With ColSpa SAS

### *Type of commitment and purpose:*

Hotel management contract between ColSpa SAS and Accor.

### *Corporate officer concerned:*

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

### *Terms and conditions:*

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

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

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

For 2016, the amount invoiced to ColSpa SAS by the Company under this contract totaled €715,946, excluding taxes.

## B. AGREEMENTS AND COMMITMENTS APPROVED IN PRIOR YEARS BUT NOT IMPLEMENTED IN 2016

We were also informed of the following agreements and commitments that were approved by shareholders but were not implemented during 2016.

### 1/ With Sébastien Bazin, Chairman and Chief Executive Officer

#### *Type of commitment and purpose:*

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

#### *Terms and conditions:*

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

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

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

These performance criteria would be applied as follows:

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

### 2/ With Edenred

#### *Type of commitment and purpose:*

Signature of a tax-related agreement between Edenred and Accor.

#### *Corporate officers concerned:*

Jean-Paul Bailly, Philippe Citerne, Bertrand Méheut and Nadra Moussalem, directors of both Accor and Edenred.

#### *Terms and conditions:*

The Italian tax authorities notified an Accor subsidiary and several Edenred subsidiaries of a €27.4 million reassessment of registration fees due on transactions carried out as part of the reorganization of Accor's Services division in Italy prior to the demerger. Accor and Edenred are contesting the reassessments before the Italian courts and have signed an agreement to equally share the associated risks and costs of the proceedings between the two groups.

Given that the Asset Contribution-Demerger Agreement of April 19, 2010, before the dispute had arisen, does not contain any provisions covering this type of tax dispute, the agreement signed with Edenred has now protected the Group in the event of an unfavorable outcome of the aforementioned proceedings.

Following the September 9, 2015 decision of the Italian Court of Appeal, which was unfavorable to the Italian tax authorities, they repaid the contested amounts as well as default interest. Furthermore, the Italian tax authorities decided not to appeal the decision before the highest court, the Court of Cassation.

This agreement was terminated on February 2, 2016, the date on which the decision favorable to the Company became final.

Paris-La Défense and Neuilly-sur-Seine, March 22, 2017

The Statutory Auditors

ERNST & YOUNG et Autres

Jacques Pierres

DELOITTE & ASSOCIÉS

David Dupont-Noel

Guillaume Crunelle



# Statutory auditors' report ON THE REDUCTION IN CAPITAL

## Ordinary and extraordinary general meeting of shareholders of 5 May 2017

### Seventeenth resolution

*This is a free translation into English of a report issued in French and it is provided solely for the convenience of English-speaking users. This report should be read in conjunction with and construed in accordance with French law and professional standards applicable in France.*

To the Shareholders,

In our capacity as statutory auditors of your Company and in compliance with article L. 225-209 of the French Commercial Code (*Code de commerce*) in respect of a reduction in capital by the cancellation of repurchased shares, we hereby report on our assessment of the terms and conditions for the proposed reduction in capital.

Your Board of Directors proposes that all powers should be delegated to said Board, for a period of twenty-four months as from this general meeting of shareholders, to proceed with the cancellation of the shares your Company was authorized to repurchase, representing an amount not exceeding 10% of its total share capital, by periods of twenty-four months, in accordance with the provisions of the above-mentioned article.

We have performed those procedures which we considered necessary in accordance with professional guidance issued by the national auditing body (*Compagnie Nationale des Commissaires aux Comptes*) for this type of engagement. These procedures consisted in verifying that the terms and conditions for the proposed reduction in capital, which is not liable to compromise equality among the shareholders, are fair.

We have no matters to report on the terms and conditions of the proposed reduction in capital.

Paris-La Défense and Neuilly-sur-Seine, March 30, 2017

The Statutory Auditors

*French original signed by:*

ERNST & YOUNG et Autres  
Jacques Pierres

DELOITTE & ASSOCIÉS  
David Dupont-Noel      Guillaume Crunelle



# Statutory auditors' report

## ON THE ISSUE OF SHARES AND VARIOUS MARKETABLE SECURITIES WITH OR WITHOUT CANCELLATION OF PREFERENTIAL SUBSCRIPTION RIGHTS

**Ordinary and extraordinary general meeting of shareholders of 5 May 2017**

**Eighteenth, nineteenth, twentieth, twenty-first and twenty-second resolutions**

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

To the Shareholders,

In our capacity as statutory auditors of your Company and in compliance with articles L. 228-92 and L. 225-135 *et seq.* of the French Commercial Code (*Code de commerce*), we hereby report on the proposed delegation of authority to your Board of Directors to proceed with various issues of shares and/or marketable securities, operations upon which you are called to vote.

On the basis of its report, your Board of Directors proposes that:

- you delegate authority to it, for a period of twenty-six months, to decide whether to proceed with the following operations and to fix the final terms and conditions thereof, and proposes to cancel your preferential subscription rights if appropriate:
  - the issue, without cancellation of preferential subscription rights (eighteenth resolution), of ordinary shares and/or marketable securities giving access, immediately or in the future, to the capital of the Company or of companies of which it holds, directly or indirectly, more than half of the capital, or marketable securities giving entitlement to the allocation of debt securities,
  - the issue, with cancellation of preferential subscription rights, by means of an offer to the public (nineteenth resolution) of ordinary shares or marketable securities giving access, immediately or in the future, to the capital of the Company or of companies of which it holds, directly or indirectly, more than half of the capital, or marketable securities giving entitlement to the allocation of debt securities, it being specified that:
    - these securities may be issued as consideration for securities contributed to the Company within the scope of a public exchange offer for securities meeting the conditions set by article L. 225-148 of the French Commercial Code,
    - any capital increases performed, immediately or in the future, pursuant to this delegation of authority, may result from the exercise of an allocation right, by means of conversion, exchange, redemption, presentation of a warrant, or in any other way, resulting from any marketable securities issued by any company of which the Company holds, directly or indirectly, more than half of the capital,
  - the issue, with cancellation of preferential subscription right, by means of offers referred to in section II of article L. 411-2 of the French Monetary and Financial Code (*Code monétaire et financier*) and, within the limit of the maximum nominal amount of 85 million euros (twentieth resolution), of ordinary shares or marketable securities giving access, immediately or in the future, to the capital of the Company or of companies of which it holds, directly or indirectly, more than half of the capital, or marketable securities giving entitlement to the allocation of debt securities; it being specified that any capital increases performed, immediately or in the future, pursuant to this delegation of authority, may result from the exercise of an allocation right, by means of conversion, exchange, redemption, presentation of a warrant, or in any other way, resulting from any marketable securities issued by any company of which your Company holds, directly or indirectly, more than half of the capital;
- you delegate the necessary authority to it, for a period of twenty-six months, in order to issue ordinary shares or various marketable securities giving access, immediately or in the future, to the Company's capital, with a view to remunerating contributions in kind granted to the Company, comprising equity securities or marketable securities giving access to the capital (twenty-second resolution), within the limit of a maximum nominal amount of 85 million euros.

The overall nominal amount of the capital increases performed immediately or in the future may not, according to the twenty-fourth resolution, exceed 427 million euros in respect of the eighteenth to twenty-third resolutions, including 85 million euros in respect of the nineteenth to twenty-second resolutions.

The nominal amount of bonds or other debt securities giving access to equity securities, that may be issued, may not exceed 10 billion euros in respect of the eighteenth resolution, and 1.98 billion euros in respect of each of the nineteenth, twentieth and twenty-second resolutions.

These limits take into account the additional number of securities to be created in the event of an increase in the Company's share capital with or without cancellation of preferential subscription rights, under the conditions set out in article L. 225-135-1 of the French Commercial Code, if you adopt the twenty-first resolution.

It is the responsibility of the Board of Directors to prepare a report in accordance with articles R. 225-113 *et seq.* of the French Commercial Code. Our role is to report on the fairness of the financial information taken from the accounts, on the proposed cancellation of preferential subscription rights and on other information relating to these operations provided in the report.

We have performed those procedures which we considered necessary to comply with the professional guidance issued by the French national auditing body (*Compagnie nationale des commissaires aux comptes*) for this type of engagement. These procedures consisted in verifying the information provided in the Board of Directors' report relating to these operations and the methods used to determine the issue price of the equity securities to be issued.

Subject to a subsequent examination of the conditions for the issues that may be decided, we have no matters to report as to the methods used to determine the issue price of the equity securities to be issued provided in the Board of Directors' report in respect of the nineteenth and twentieth resolutions.

Moreover, as the methods used to determine the issue price of the equity securities to be issued within the context of the implementation of the eighteenth and twenty-second resolutions are not specified in that report, we cannot report on the choice of constituent elements used to determine the issue price.

As the final conditions for the issue have not yet been determined, we cannot report on these conditions and, consequently, on the cancellation of preferential subscription rights proposed in the nineteenth and twentieth resolutions.

In accordance with article R. 225-116 of the French Commercial Code, we will issue a supplementary report, if appropriate, when your Board of Directors has exercised these delegations of authority in the event of the issue of marketable securities that are equity securities giving access to other equity securities or giving entitlement to the allocation of debt securities, in the event of the issue of marketable securities giving access to equity securities to be issued and in the event of the issue of shares with cancellation of preferential subscription rights.

Paris-La Défense and Neuilly-sur-Seine, March 30, 2017

The Statutory Auditors

*French original signed by:*

ERNST & YOUNG et Autres

Jacques Pierres

DELOITTE & ASSOCIÉS

David Dupont-Noel

Guillaume Crunelle



# Statutory auditors' report

## REPORT ON THE ISSUE OF SHARES OR MARKETABLE SECURITIES GIVING ACCESS TO THE SHARE CAPITAL RESERVED FOR EMPLOYEES THAT ARE MEMBERS OF A COMPANY SAVINGS SCHEME

**Ordinary and extraordinary general meeting of shareholders of 5 May 2017**

### **Twenty-fifth resolution**

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

To the Shareholders,

In our capacity as statutory auditors of your Company and in compliance with articles L. 228-92 and L. 225-135 et seq. of the French Commercial Code (*Code de commerce*), we hereby report on the proposed delegation of authority to the Board of Directors to decide whether to proceed with the issue, on one or more occasions, of shares or marketable securities giving access to the Company's capital, with cancellation of preferential subscription rights, reserved for employees of Accor and of the French or foreign companies that are related to it within the meaning of article L. 225-180 of the French Commercial Code, provided that said employees are members of a company savings schemes of the AccorHotels group, for a maximum amount of 2% of the share capital of Accor as recorded at the end of this general meeting of shareholders, an operation upon which you are called to vote

This operation is submitted for your approval in accordance with article L. 225-129-6 of the French Commercial Code and article L. 3332-18 et seq. of the French Labour Code.

On the basis of its report, your Board of Directors proposes that you delegate authority to it, for a period of twenty-six months as from this general meeting of shareholders, to decide whether to proceed with one or more issues, and to cancel your preferential subscription rights for the securities to be issued. If necessary, it will fix the final terms and conditions of this operation.

It is the responsibility of your Board of Directors to prepare a report in accordance with articles R. 225-113 et seq. of the French Commercial Code. Our role is to report on the fairness of the financial information taken from the accounts, on the proposed cancellation of preferential subscription rights and on other information relating to the issues provided in the report.

We have performed those procedures which we considered necessary to comply with the professional guidance issued by the French national auditing body (*Compagnie nationale des commissaires aux comptes*) for this type of engagement. These procedures consisted in verifying the information provided in the Board of Directors' report relating to this operation and the methods used to determine the issue price of the equity securities to be issued.

Subject to a subsequent examination of the conditions for the issues to be decided, we have no matters to report as to the methods used to determine the issue price of the equity securities to be issued provided in the Board of Directors' report

As the final conditions for the issue have not yet been determined, we cannot report on these conditions, and, consequently, on the proposed cancellation of preferential subscription rights.

In accordance with article R. 225-116 of the French Commercial Code, we will issue a supplementary report, if necessary, when your Board of Directors has exercised this delegation of authority in the event of the issue of shares or marketable securities that are equity securities giving access to other equity securities, and in the event of the issue of marketable securities giving access to equity securities to be issued.

Paris-La Défense and Neuilly-sur-Seine, March 30, 2017

The Statutory Auditors

*French original signed by:*

ERNST & YOUNG et Autres

Jacques Pierres

DELOITTE & ASSOCIÉS

David Dupont-Noel

Guillaume Crunelle



# Statutory auditors' report

## ON THE AUTHORIZATION OF THE FREE ALLOCATION OF EXISTING SHARES OR SHARES TO BE ISSUED FOR EMPLOYEES AND CORPORATE OFFICERS

**Ordinary and extraordinary general meeting of shareholders of 5 May 2017**

**Twenty-sixth resolution**

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

To the Shareholders,

In our capacity as statutory auditors of your Company and in compliance with article L. 225-197-1 of the French Commercial Code (*Code de commerce*), we hereby report on the proposed authorization of the free allocation of existing shares or shares to be issued, reserved for the salaried employees or corporate officers of your Company or of companies or groupings directly or indirectly affiliated to it under the conditions set out in article L. 225-197-2 of the French Commercial Code, an operation upon which you are called to vote. The total number of free shares allocated pursuant to this authorization may not exceed 1.8% of the Company's share capital as recorded at the end of this general meeting of shareholders, it being specified that the total number of ACDC allocated free of charge to the Company's corporate officers may not exceed 0.2% of the share capital.

The free existing shares or shares to be issued ("ACDC") would be allocated subject to the performance of the Accor share price and personal investment within the context of the 2017 co-investment plan.

Your Board of Directors proposes that on the basis of its report it be authorized, for a period of twelve months, to allocate, free of charge, on one or more occasions, existing shares or shares to be issued subject to performance.

It is the responsibility of the Board of Directors to prepare a report on the operation that it wishes to perform. Our role is to report to you on any matters relating to the information provided to you regarding the proposed operation.

We have performed those procedures which we considered necessary to comply with the professional guidance issued by the French national auditing body (*Compagnie Nationale des Commissaires aux Comptes*) for this type of engagement. These procedures consisted mainly in verifying that the proposed methods described in the Board of Directors' report comply with the legal provisions governing such operations.

We have no matters to report as to the information provided in the Board of Directors' report relating to the proposed free allocation of shares subject to personal investment and performance.

Paris-La Défense and Neuilly-sur-Seine, March 30, 2017

The Statutory Auditors

*French original signed by:*

ERNST & YOUNG et Autres

Jacques Pierres

DELOITTE & ASSOCIÉS

David Dupont-Noel

Guillaume Crunelle





# Statutory auditors' report

## ON THE ISSUE OF FREE SHARE WARRANTS IN THE EVENT OF TENDER OFFERS FOR THE COMPANY'S SHARES

**Ordinary and extraordinary general meeting of shareholders of 5 May 2017**

**Twenty-seventh resolution**

*This is a free translation into English of a report issued in French and it is provided solely for the convenience of English-speaking users. This report should be read in conjunction with and construed in accordance with French law and professional standards applicable in France.*

To the Shareholders,

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

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

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

The maximum amount of the capital increase resulting from the exercise of said warrants is 213 million euros (namely 25% of the capital) and the maximum number of share warrants issued pursuant to the twenty-seventh resolution may not exceed the number of shares comprising the share capital at the time the share warrants are issued.

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

We have performed those procedures which we considered necessary to comply with the professional guidance issued by the French national auditing body (*Compagnie Nationale des Commissaires aux Comptes*) for this type of engagement. These procedures consisted in verifying the information provided in the Board of Directors' report relating to this operation.

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

In accordance with article R. 225-116 of the French Commercial Code, we will issue a supplementary report, if necessary, when your Board of Directors has exercised this authorization.

Paris-La Défense and Neuilly-sur-Seine, March 30, 2017

The Statutory Auditors

*French original signed by:*

ERNST & YOUNG et Autres

Jacques Pierres

DELOITTE & ASSOCIÉS

David Dupont-Noel

Guillaume Crunelle



# Request FOR DOCUMENTS

Form to be returned to:

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



**COMBINED ANNUAL  
AND EXTRAORDINARY  
SHAREHOLDERS' MEETING**

**Friday, May 5, 2017**

The undersigned: .....

Address: .....

.....

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

and/or: ..... bearer shares

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

Signed in: .....

On: ..... 2017

Signature:

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



**ACCOR**, *Société Anonyme*. Share capital: €854,303,010  
Headquarters: 82, rue Henri Farman – 92130 Issy-les-Moulineaux, France  
Registered in Nanterre under number 602 036 444

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