

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND NOTES

➤ Consolidated Income Statements	p. 2
➤ Statement of profit or loss and other comprehensive income	p. 3
➤ Statement of financial position	p. 4
➤ Consolidated Cash Flow Statements	p. 6
➤ Changes in Consolidated Shareholders' Equity	p. 7
➤ Notes to the Consolidated Financial Statements	p. 9

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

➤ Consolidated Income Statements

In millions of euros	Notes	June 2015	June 2016
CONSOLIDATED REVENUE	4	2,726	2,598
Operating expense	5	(1,890)	(1,835)
EBITDAR	4	837	763
Rental expense	6	(398)	(358)
EBITDA	4	439	405
Depreciation, amortization and provision expense		(176)	(166)
EBIT	4	263	239
Net financial expense	7	(32)	(97)
Share of profit of associates after tax		8	0
OPERATING PROFIT BEFORE TAX AND NON RECURRING ITEMS INCLUDING FINANCIAL		239	143
Restructuring costs	9	(5)	(17)
Impairment losses	8	(35)	(41)
Gains and losses on management of hotel properties	10	(12)	101
Gains and losses on management of other assets	10	(19)	(61)
OPERATING PROFIT BEFORE TAX INCLUDING FINANCIAL RESULT		169	124
Income tax expense	11	(67)	(39)
PROFIT FROM CONTINUING OPERATIONS		102	85
Net profit or Loss from discontinued operations		(1)	(0)
NET PROFIT OR LOSS		101	84
Net Profit, Group Share from continuing operations		91	75
Net Profit or Loss, Group Share from discontinued operations		(1)	(0)
Net Profit or Loss, Group Share		91	74
Net Profit, Minority interests from continuing operations		11	10
Net Profit or Loss, Minority interests from discontinued operations		-	-
Net Profit, Minority interests		11	10
Weighted average number of shares outstanding (in thousands)	16	233,450	235,931
EARNINGS PER SHARE (in €)		0.23	0.16
Diluted earnings per share (in €)	16	0.23	0.16
Earnings per share from continuing operations (in €)		0.23	0.16
Diluted earnings per share from continuing operations (in €)		0.23	0.16
Earnings per share from discontinued operations (in €)		(0.00)	(0.00)
Diluted earnings per share from discontinued operations (in €)		(0.00)	(0.00)

➤ Statement of profit or loss and other comprehensive income

In millions of euros	June 2015	June 2016
NET PROFIT OR LOSS	101	84
Currency translation adjustment	84	(71)
Effective portion of gains and losses on hedging instruments in a cash flow hedge	0	(12)
Change in fair value resulting from "Available-for-sale financial assets"	5	(12)
<i>Other comprehensive income that will be reclassified subsequently to profit or loss</i>	90	(95)
Actuarial gains and losses on defined benefit plans, net of deferred taxes	(6)	(9)
<i>Other comprehensive income that will never be reclassified subsequently to profit or loss</i>	(6)	(9)
Other comprehensive income, net of tax	84	(104)
TOTAL PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	185	(19)
Profit or loss and other comprehensive income, Group share	171	(18)
Profit or loss and other comprehensive income, Minority interests	14	(1)

► Statements of financial position

Assets

Assets In millions of euros	Notes	Dec. 2015	June 2016
GOODWILL	12	697	911
INTANGIBLE ASSETS	13	307	304
PROPERTY, PLANT AND EQUIPMENT	14	3,024	3,161
Long-term loans		118	122
Investments in associates	15	346	621
Other financial investments		191	128
TOTAL NON-CURRENT FINANCIAL ASSETS		654	871
Deferred tax assets		73	105
TOTAL NON-CURRENT ASSETS		4,756	5,352
Inventories	21	37	28
Trade receivables	21	432	477
Other receivables and accruals	21	471	474
Receivables on disposals of assets	17	44	118
Short-term loans	17	43	17
Cash and cash equivalents	17	2,963	2,320
TOTAL CURRENT ASSETS		3,990	3,434
Assets held for sale	18	208	36
TOTAL ASSETS		8,953	8,822

Equity and Liabilities

EQUITY AND LIABILITIES			
In millions of euros	Notes	Dec. 2015	June 2016
Share capital		706	714
Additional paid-in capital and reserves		1,925	1,878
Net profit or loss, Group share		244	74
Ordinary Shareholders' Equity, Group Share		2,875	2,666
Hybrid capital		887	887
SHAREHOLDERS' EQUITY, GROUP SHARE		3,762	3,553
Minority interests		225	220
TOTAL SHAREHOLDERS' EQUITY AND MINORITY INTERESTS	16	3,987	3,773
Other long-term financial debt	17	2,692	2,778
Long-term finance lease liabilities	17	53	53
Deferred tax liabilities		29	33
Non-current provisions	19	142	162
TOTAL NON-CURRENT LIABILITIES		2,916	3,027
Trade payables	21	736	712
Other payables and income tax payable	21	1,012	1,005
Current provisions	19	173	161
Short-term debt and finance lease liabilities	17	91	56
Bank overdrafts and liability derivatives	17	19	79
TOTAL CURRENT LIABILITIES		2,031	2,012
Liabilities associated with assets classified as held for sale	18	19	10
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		8,953	8,822

➤ Consolidated Cash Flow Statement

In millions of euros	Notes	June 2015	June 2016
+ EBITDA	4	439	405
+ Cost of net debt (*)	7	(34)	(38)
+ Income tax expense		(73)	(77)
- Non cash revenue and expense included in EBITDA		6	13
- Elimination of provision movements included in net financial expense and non-recurring taxes		18	15
+ Dividends received from associates		9	3
+ Impact of discontinued operations		(1)	(1)
= Funds from operations excluding non-recurring transactions	20	364	320
+ Decrease (increase) in operating working capital	21	(44)	(88)
+ Impact of discontinued operations	21	-	0
= Net cash from operating activities		320	232
+ Cash received (paid) on non-recurring transactions (included restructuring costs and non-recurring taxes) (*)		(35)	(140)
+ Impact of discontinued operations		-	-
= Net cash from operating activities including non-recurring transactions (A)		285	92
- Renovation and maintenance expenditure	22	(64)	(97)
- Development expenditure	22	(118)	(729)
+ Proceeds from disposals of assets		80	231
+ Impact of discontinued operations		1	1
= Net cash used in investments / divestments (B)		(102)	(595)
+ Proceeds from issue of share capital		50	6
- Dividends paid		(170)	(177)
+ Issue of hybrid capital		-	-
- Hybrid capital dividend payment		(37)	(37)
- Repayment of long-term debt		(19)	(9)
- Payment of finance lease liabilities		(6)	-
+ New long term debt		131	113
= Increase (decrease) in long-term debt		106	104
+ Increase (decrease) in short-term debt		(35)	(91)
+ Impact of discontinued operations		-	-
= Net cash from financing activities (C)		(86)	(196)
+ Effect of changes in exchange rates (D)		12	20
= Net change in cash and cash equivalents (E) = (A) + (B) + (C) + (D)		109	(680)
- Cash and cash equivalents at beginning of period		2,677	2,944
- Effect of changes in fair value of cash and cash equivalents		-	(23)
- Net change in cash and cash equivalents for discontinued operations		1	1
+ Cash and cash equivalents at end of period		2,787	2,242
= Net change in cash and cash equivalents		109	(680)

(*) To facilitate readability, net financial expense is now broken out between cost of net debt (included in "Funds from operations excluding non-recurring transactions") and other financial income and expenses, net (reported under "Cash received (paid) on non-recurring transactions"). Both components continue to be included in "Net cash from operating activities including non-recurring transactions".

➤ Changes in Consolidated Shareholders' Equity

In millions of euros	Number of shares outstanding	Share capital	Additio nal paid-in capital	Currency translation reserve	Fair value adjustments on Financial Instruments reserve	Reserve for actuarial gains/losses	Reserve related to employee benefits	Retained earnings and profit for the period	Shareholders' Equity	Minority interests	Consolidated shareholders' Equity
At January 1, 2015	231,836,399	696	1,149	(37)	(5)	(59)	172	1,741	3,657	213	3,869
Issue of share capital											
- Performance share grants	233,245	1	-	-	-	-	-	(1)	-	-	-
- On exercise of stock options	1,832,194	5	45	-	-	-	-	-	50	0	50
- Cancellation of treasury stock	-	-	0	-	-	-	-	-	0	-	0
Hybrid capital dividend payment	-	-	-	-	-	-	-	(37)	(37)	-	(37)
Dividends paid in cash	1,369,477	4	59	-	-	-	-	(222)	(159)	(11)	(170)
Changes in reserve related to employee benefits	-	-	-	-	-	-	6	-	6	-	6
Effects of scope changes	-	-	-	-	-	0	-	(4)	(4)	1	(3)
Other Comprehensive Income	-	-	0	81	6	(6)	-	(0)	81	3	84
Net Profit or Loss	-	-	-	-	-	-	-	91	91	11	101
Total Profit or Loss and other comprehensive income	-	-	0	81	6	(6)	-	90	171	14	185
At June 30, 2015	235,271,315	706	1,254	44	0	(64)	177	1,567	3,684	217	3,901
Issue of share capital											
- Performance share grants	1,400	0	-	-	-	-	-	-	0	-	0
- On exercise of stock options	79,710	0	2	-	-	-	-	-	2	0	2
- Cancellation of treasury stock	-	(0)	(1)	-	-	-	-	-	(1)	-	(1)
Hybrid capital dividend payment	-	-	-	-	-	-	-	0	0	-	0
Dividends paid in cash	-	-	-	-	-	-	-	0	0	(4)	(4)
Changes in reserve related to employee benefits	-	-	-	-	-	-	8	-	8	-	8
Effects of scope changes	-	-	-	-	-	0	-	(1)	(1)	(0)	(1)
Other Comprehensive Income	-	-	(0)	(84)	4	(4)	-	0	(84)	(3)	(87)
Net Profit or Loss	-	-	-	-	-	-	-	154	154	16	170
Total Profit or Loss and other comprehensive income	-	-	(0)	(84)	4	(4)	-	154	70	13	83
December 31, 2015	235,352,425	706	1,254	(40)	4	(68)	185	1,720	3,762	225	3,987
Issue of share capital											
- Performance share grants	416,910	1	-	-	-	-	-	(1)	-	-	-
- On exercise of stock options	137,998	0	3	-	-	-	-	-	3	-	3
- Cancellation of treasury stock	-	0	1	-	-	-	-	-	2	-	2
Hybrid capital dividend payment	-	-	-	-	-	-	-	(37)	(37)	-	(37)
Dividends paid in cash	2,048,461	6	65	-	-	-	-	(235)	(164)	(13)	(177)
Changes in reserve related to employee benefits	-	-	-	-	-	-	7	-	7	-	7
Effects of scope changes	-	-	-	-	-	-	-	(1)	(1)	9	7
Other Comprehensive Income	-	-	(89)	(60)	(24)	(9)	-	89	(93)	(11)	(104)
Net Profit or Loss	-	-	-	-	-	-	-	74	74	10	84
Total Profit or Loss and other comprehensive income	-	-	(89)	(60)	(24)	(9)	-	164	(18)	(1)	(19)
At June 30, 2016	237,955,794	714	1,235	(100)	(19)	(76)	193	1,608	3,553	220	3,773

Notes to the Consolidated Financial Statements

Note 1. Key Management Ratios.....	9
Note 2. Summary of Significant Accounting Policies	11
Note 3. Significant Events and Changes in Scope of Consolidation	12
Note 4. Operational Segments	14
Note 5. Operating Expense	20
Note 6. Rental Expense	21
Note 7. Net Financial Expense.....	22
Note 8. Impairment Losses	22
Note 9. Restructuring Costs	23
Note 10. Gains and Losses on Management of Hotel Properties and Other assets	24
Note 11. Income Tax Expense	24
Note 12. Goodwill	26
Note 13. Intangible Assets.....	26
Note 14. Property, Plant and Equipment.....	27
Note 15. Investments in Associates.....	27
Note 16. Shareholders' Equity.....	28
Note 17. Financial Debt and Instruments.....	30
Note 18. Assets and Liabilities Held for Sale.....	32
Note 19. Provisions	33
Note 20. Reconciliation of Funds from Operations	34
Note 21. Change in Working Capital	34
Note 22. Renovation and Maintenance Expenditure and Development Expenditure ...	35
Note 23. Claims, Litigation and Off-Balance Sheet Commitments	36
Note 24. Related Party Transactions	37
Note 25. Subsequent Events	37

► Notes to the Consolidated Financial Statements

The condensed consolidated financial statements at June 30, 2016 have been prepared under the responsibility of AccorHotels' Chairman and Chief Executive Officer. They were approved by the Board of Directors of July 27, 2016.

Note 1. Key Management Ratios

	Note	Dec. 2015 (*)	June 2016 (*)
Adjusted Funds from Ordinary Activities / Adjusted Net Debt	(a)	31.8%	25.1%
Return On Capital Employed	(b)	14.4%	13.9%

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

Note (a): Adjusted Funds from Ordinary Activities / Adjusted Net Debt is calculated in accordance with the method used by the main rating agencies.

	Note	Dec. 2015 (*)	June 2016 (*)
Net debt at end of the period		(194)	511
Restatement of perpetual subordinated notes	(1)	443	443
Other restatements	(2)	333	370
Average net debt		582	1,324
Rental commitments discounted at 7%	(3)	2,539	2,404
Total Adjusted net debt		3,121	3,727

Funds from Ordinary Activities (on 12 months)		816	771
Restatement of interests related to perpetual subordinated notes	(1)	(19)	(19)
Rental amortization	(3)	230	221
Other restatements	(4)	(36)	(40)
Adjusted Funds from Ordinary Activities		991	934

Adjusted Funds from Ordinary Activities / Adjusted Net Debt		31.8%	25.1%
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(*) Based on continuing operations: i.e. excluding the Onboard Train Services business reclassified as a discontinued operation.

- (1) Due to the fact that the rating agencies treat 50% of subordinated perpetual securities as debt and 50% as equity, 50% of said securities and the related interest are restated as net debt and 50% as funds from operations excluding non-recurring transactions used to calculate the ratio. In accordance with the same principle, only 50% of the interest paid on these instruments is included in funds from operations excluding non-recurring transactions used for the calculation.
- (2) Other adjustments at June 30, 2016, concerned cash and cash equivalents, with the application of a 5% discount (€116 million), provisions for pensions and seniority bonuses after tax (€118 million) and short-term loans and receivables from sales of assets (€135 million). Other adjustments at December 31, 2015 concerned cash and cash equivalents, with the application of a 5% discount (€148 million), provisions for pensions and seniority bonuses after tax (€98 million) and short-term loans and receivables from sales of assets (€87 million).

- (3) A 7% discount was applied to rental commitments related to hotels (see Note 6) and headquarters buildings (€177 million at June 30, 2016) with deferred recognition of the commitments on a straight-line basis as from the sixth year, in accordance with the Standard & Poor's method.
- (4) At June 30, 2016, other adjustments to funds from operations mainly concerned taxes (€3 million negative adjustment) and restructuring costs (€36 million negative adjustment). At December 31, 2015, other adjustments to funds from operations mainly concerned taxes (€11 million negative adjustment) and restructuring costs (€23 million negative adjustment).

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

Adjusted EBITDA - which amounted to €962 million - includes EBITDA on 12 rolling months (€942 million) plus revenue from non-current financial assets (€13 million in dividends and financial income from non-Group companies and €7 million in share of profit of associates before tax). Average capital employed in the first half of 2016 amounted to €6,940 million.

Note 2. Summary of Significant Accounting Policies

A. Accounting principles

The Group's consolidated financial statements for the six months ended June 30, 2016 have been prepared in accordance with IAS 34, as adopted by the European Union. As provided for in IAS 34, these interim financial statements do not include all of the information required under IFRS for annual financial statements. They should therefore be read in conjunction with the consolidated financial statements for the year ended December 31, 2015. The business carried out by the Group during the six months ended June 30, 2016 is not materially seasonal.

The accounting principles applied for the preparation of these half-yearly consolidated financial statements are the same as those applied for the preparation of the consolidated financial statements for the year ended December 31, 2015 (see Note 2 in the notes to the consolidated financial statements for the year ended December 31, 2015), except for the standards, amendments and interpretations applicable for the first time on or after January 1, 2016. The accounting principles applied comply with the IFRS standards and interpretations as adopted by the European Union as of June 30, 2016.

B. IFRS basis

The new standards and interpretations whose application is mandatory for accounting periods beginning on or after January 1, 2016 have no impact on Accor's consolidated financial statements. They mainly relate to:

- Amendment to IAS 19 « Defined Benefit Plans : Employee Contributions »
- Annual improvements to IFRS 2010-2012 and 2012-2014 cycles
- Amendment to IAS 16 and IAS 38 “Clarification of acceptable methods of depreciation and amortisation”
- Amendment to IAS 1 “Disclosure Initiative”

The Group has not early adopted any standards, amendments or interpretations that were not mandatory as of January 1, 2016.

C. Consideration of estimates and assumptions

The preparation of consolidated financial statements implies the consideration by Group management of estimates and assumptions that can affect the carrying amount of certain assets and liabilities, income and expenses, and the information disclosed in the notes to the financial statements. Group management reviews these estimates and assumptions on a regular basis to ensure that they are appropriate based on past experience and the current economic situation. Items in future financial statements may differ from current estimates as a result of changes in these assumptions.

When a specific transaction is not covered by any standards or interpretations, management uses its judgement in developing and applying an accounting policy that results in the production of relevant and reliable information.

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

Note 3. Significant Events and Changes in Scope of Consolidation

3.1. HotelServices

A. COMPLETION OF STRATEGIC ALLIANCE WITH HUAZHU

AccorHotels and Nasdaq-listed Huazhu Hotels Group (also known as China Lodging) finalised the signature of a strategic alliance in China on January 25, 2016. As part of the arrangement, AccorHotels' Economy and Midscale hotels in China is sold to Huazhu, which holds an exclusive master franchise agreement for the ibis, ibis Styles and Mercure brands in China. It will also develop and operate the Grand Mercure and Novotel brands as per Co-Development agreements. Huazhu also becomes a minority shareholder in AccorHotels' Luxury and Upscale business in China, with a 28.1% stake. Twelve hotels are also transferred to Huazhu. AccorHotels has now a 10.8% stake in Huazhu, including a stake of 1.8% acquired from the open market in the first half of 2015 for 22 million euros and a seat on the company's Board of Directors.

Disposals of various assets and businesses generated capital gains of €76 million in the consolidated financial statements for first-half 2016, including €12 million on the Huazhu shares retained by the Group.

Accor exercises significant influence over Huazhu and its investment in this company has therefore been accounted for by the equity method in the consolidated statement of financial position for an amount of €187 million. Accor has also granted a put option to Huazhu on its non-controlling stake in AccorHotels' Luxury and Upscale operating platform, which is recognized as a liability for €56 million.

B. ACQUISITION OF A LUXURY SERVICED HOMES MARKET

On April 5, 2016, AccorHotels announced the acquisition of onefinestay for €150 million (£117 million) and makes a further commitment of €64m (£50m) to help the company scale internationally. onefinestay is the leading brand in the luxury segment of the Serviced Homes market, combining the best homes and the finest service. Launched in 2010 in London by Greg Marsh (CEO and co-founder), Demetrios Zoppos, Tim Davey and Evan Frank (co-founders), the company today operates a portfolio of 2,600 properties under exclusive management with strategic locations in London, New York, Paris, Los Angeles and Rome (representing an estimated asset value of more than £4 billion). With its global presence and strong expertise in both operations and digital services, AccorHotels will support a new development phase of onefinestay, accelerating its expansion across new key urban markets, providing it with its powerful distribution capacity, strong customer base, incremental synergies and its know-how as a world-leading hotelier. As a result, onefinestay has an ambitious strategy to expand to 40 new cities around the world over the next five years growing revenues tenfold.

The global consideration transferred amounts to €158 million (£123 million), including an earn-out of €8 million (£6 million) that may vary depending on certain performance criteria up to 2023.

On the acquisition date, the acquired net assets amounted to €(10) million, leading to a provisional goodwill of €169 million.

C. ACQUISITION OF A 30% STAKE IN OASIS COLLECTIONS AND OF A 49% STAKE IN SQUAREBREAK, MARKETPLACES FOR LUXURY

On February 18, 2016, AccorHotels announced the acquisition of stakes in Oasis Collections and Squarebreak.

Oasis Collections was launched in Buenos Aires 2009 and counts 1,500 properties in 18 destinations, in Latin America, the US and Europe. The company offers personalized services to leisure and corporate guests alike, including on-the-ground concierge service and access to members' club venues, as well as targeted exposure to international travelers for home owners. The equity investment amounts to €11 million in AccorHotels books, corresponding to the acquisition price.

Squarebreak offers to guests through a digital platform private upscale properties in resort locations, primarily in France, Spain and Morocco, and leveraging local property managers on behalf of homeowners by using hotel management techniques and services. The equity investment amounts to €3 million in AccorHotels books at June 30, 2016, corresponding to the acquisition price.

3.2. HotellInvest

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

A. COMPLETION OF THE SALE OF A PORTFOLIO OF 85 HOTELS IN EUROPE

AccorHotels finalized the sale of a portfolio of 85 hotels in Europe in the Economy and Midscale segments, for a total consideration of €504 million. These hotels will now be brought together in Grape Hospitality, a dedicated hotel platform owned 70% by Eurazeo and 30% by AccorHotels. The new investment has been accounted for by the equity method in the consolidated statement of financial position at June 30, 2016, for an amount of €62 million.

The portfolio comprises one Pullman, 19 Novotel, 13 Mercure, 35 ibis, 3 ibis Styles and 14 ibis *budget* hotels. Most of these hotels are located in France and Spain. All of the hotels will remain under AccorHotels brands via franchise agreements and will benefit from an ambitious renovation program over the next few months.

AccorHotels sold all of the hotel businesses included in the transaction, as well as 28 owned hotel properties for a total of €146 million, corresponding to their gross asset value (GAV). The other 57 hotel properties were previously owned by Foncière des Régions, Axa IM-RE and Invesco. They were acquired directly by the new entity for €358 million. The sale generated a capital gain of €18 million (€10 million net of transaction costs) which has been recognized in the consolidated statement of income for first-half 2016. The sale of the last hotel in the portfolio will not be completed until the third quarter of 2016.

B. SUMMARY OF REAL ESTATE TRANSACTIONS

The main real estate transactions carried out by the Group at June 30, 2016 are as follows:

June 2016		Number of transactions	Sale price	Net Debt impact	Adjusted net debt impact
"Sale & Variable Lease-Back" transactions		2	-	-	0
"Sale & Management-Back" transactions	(1)	5	18	16	16
"Sale & Franchise-Back" transactions and outright sales	(2)	113	213	189	216
TOTAL		120	230	206	233

(1) At the end of June 2016, the main transactions are related to the sale of 3 Sofitel in Polynesia (net debt impact: €13 million).

(2) At the end of June 2016, the main operations were:

- sale of 84 hotels to Grape Hospitality (net debt impact including fees: €118 million, see note 3.1) ;
- sale of 12 Chinese hotels to Huazhu (net debt impact: €66 million, see note 3.1);
- individual sale of the Gloucester ibis in the United Kingdom (net debt impact: €8 million) ;
- sale of shares in Hôtel du Parvis de l'Europe, owner of the Novotel Nice Centre (net debt impact: €7 million).

3.3. Changes in share capital

At June 30, 2016, Colony Capital and Eurazeo held 26 080 517 shares, representing 10.96% of the capital and 19.15% of the voting rights, and giving them two seats on the Board.

At the same date, Jin Jiang held 15.03% of the capital and 13.19% of the voting rights.

In connection with the acquisition of the Fairmont Raffles Hotels International Group completed on July 12, 2016, a total of 46.7 million new shares were issued to the vendors, Kingdom Holding Company of Saudi Arabia (KHC) and Qatar Investment Authority (QIA), which now own 5.8% and 10.38% of the Group's capital respectively. The share issue diluted existing shareholders' interests by 16%.

Note 4. Operational Segments

In accordance with IFRS 8, the breakdown used by AccorHotels corresponds to the operating segments regularly reviewed by the Executive Committee, which is the chief operating decision-maker of the Group's management. The segments defined by the Group are unchanged from those described in Note 4 to the consolidated financial statements for the year ended December 31, 2015.

4.1. Information by business activity

At June 30, 2016 In millions of euros	HotelServices	HotelInvest	Corporate & Intercos	Total
Revenue	658	2,205	(265)	2,598
EBITDAR	177	631	(45)	763
<i>EBITDAR Margin</i>	26.9%	28.6%	N/A	29.4%
EBITDA	163	286	(44)	405
<i>EBITDA Margin</i>	24.8%	13.0%	N/A	15.6%
EBIT	141	145	(47)	239
<i>EBIT Margin</i>	21.5%	6.6%	N/A	9.2%

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

At June 30, 2016 In millions of euros	HotelServices	HotelInvest	Corporate & Intercos	Total
Goodwill	590	321	-	911
Intangible Assets	178	110	16	304
Property, plant and equipment	69	3,067	24	3,161
Non-current financial assets	303	577	(8)	871
<i>Total non-current assets excl. deferred tax assets</i>	<i>1,141</i>	<i>4,075</i>	<i>31</i>	<i>5,247</i>
Deferred tax assets	14	45	46	105
<i>Total non-current assets</i>	<i>1,155</i>	<i>4,120</i>	<i>77</i>	<i>5,352</i>
Cash, short-term debt and receivables on disposals of assets				2,455
Other current assets	1,294	1,386	(1,701)	979
Assets held for sale	0	35	(0)	36
Total assets				8,822

At December 31, 2015 In millions of euros	HotelServices	HotelInvest	Corporate & Intercos	Total
Goodwill	440	257	-	697
Intangible Assets	178	115	13	307
Property, plant & equipment	71	2,938	15	3,024
Non-current financial assets	102	557	(5)	654
<i>Total non-current assets excl. deferred tax assets</i>	<i>791</i>	<i>3,868</i>	<i>23</i>	<i>4,682</i>
Deferred tax assets	13	27	33	73
<i>Total non-current assets</i>	<i>804</i>	<i>3,895</i>	<i>56</i>	<i>4,756</i>
Cash, short-term debt and receivables on disposals of assets				3,050
Other current assets	1,293	1,371	(1,723)	940
Assets held for sale	1	207	0	208
Total assets				8,953

4.2. Information by region

Revenue and earnings indicators by region break down as follows:

At June 30, 2016 In millions of euros	France	Europe (excl. France / Mediterranean)	Mediterranean, Middle East and Africa	Asia Pacific	Americas	Worldwide Structures	Total
Revenue	808	1,055	247	276	185	26	2,598
EBITDAR	220	403	71	69	32	(32)	763
<i>EBITDAR Margin</i>	<i>27.2%</i>	<i>38.2%</i>	<i>28.8%</i>	<i>25.2%</i>	<i>17.4%</i>	<i>N/A</i>	<i>29.4%</i>
EBITDA	106	238	40	42	13	(34)	405
<i>EBITDA Margin</i>	<i>13.1%</i>	<i>22.5%</i>	<i>16.4%</i>	<i>15.2%</i>	<i>6.9%</i>	<i>N/A</i>	<i>15.6%</i>
EBIT	68	158	28	32	4	(51)	239
<i>EBIT Margin</i>	<i>8.4%</i>	<i>15.0%</i>	<i>11.2%</i>	<i>11.7%</i>	<i>2.4%</i>	<i>N/A</i>	<i>9.2%</i>

At June 30, 2015		Europe	Mediterranean,	Asia Pacific	Americas	Worldwide	Total
In millions of euros	France	(excl. France / Mediterranean)	Middle East and Africa			Structures	
Revenue	838	1,114	250	297	217	10	2,726
EBITDAR	230	411	72	71	53	(1)	837
<i>EBITDAR Margin</i>	27.5%	36.9%	29.0%	23.9%	24.3%	N/A	30.7%
EBITDA	108	232	36	40	25	(2)	439
<i>EBITDA Margin</i>	12.9%	20.8%	14.3%	13.4%	11.3%	N/A	16.1%
EBIT	68	149	22	26	15	(15)	263
<i>EBIT Margin</i>	8.1%	13.3%	8.6%	8.7%	6.7%	N/A	9.6%

At June 30, 2016		Europe	Mediterranean,	Asia Pacific	Americas	Worldwide	Total
In millions of euros	France	(excl. France / Mediterranean)	Middle East and Africa			Structures	
Goodwill	194	193	27	197	150	150	911
Intangible assets	8	119	10	51	26	89	304
Property, plant and equipment	604	1,859	311	107	233	46	3,161
Non-current financial assets	121	156	500	442	49	(398)	871
<i>Total non-current assets excl. deferred tax assets</i>	928	2,328	849	797	458	(112)	5,247
Deferred tax assets	(19)	25	6	13	18	61	105
<i>Total non-current assets</i>	908	2,353	855	811	476	(51)	5,352
<i>Total current assets</i>	1,388	917	295	462	165	207	3,434
Assets held for sale	2	7	22	1	4	0	36
<i>Other assets</i>	1,390	924	317	463	169	207	3,470
Total Assets	2,299	3,277	1,171	1,274	645	156	8,822

At December 31, 2015		Europe	Mediterranean,	Asia Pacific	Americas	Worldwide	Total
In millions of euros	France	(excl. France / Mediterranean)	Middle East and Africa			Structures	
Goodwill	176	193	27	201	100	-	697
Intangible assets	9	126	10	52	23	87	307
Property, plant and equipment	582	1,773	315	122	194	39	3,024
Non-current financial assets	121	61	483	297	76	(384)	654
<i>Total non-current assets excl. deferred tax assets</i>	888	2,153	835	672	393	(258)	4,682
Deferred tax assets	(21)	22	8	11	16	38	73
<i>Total non-current assets excl. deferred tax assets</i>	866	2,175	843	683	409	(220)	4,756
<i>Total current assets</i>	1,424	1,016	274	470	136	670	3,990
Assets held for sale	50	36	53	57	11	0	208
<i>Other assets</i>	1,474	1,052	327	528	147	670	4,197
Total Assets	2,340	3,227	1,170	1,211	556	449	8,953

4.3. Consolidated Revenue by Strategic Business and by Region

In millions of euros	France	Europe (excl. France / Mediterranean)	Mediterranean, Middle East and Africa	Asia Pacific	Americas	Worldwide Structures (1)	June 2016	June 2015	Like-for- like change (%)
HOTELSERVICES	168	168	69	180	48	26	658	632	5.9%
HOTELINVEST	734	1,009	203	106	153	0	2,205	2,373	0.5%
CORPORATE & INTERCOS	(94)	(122)	(25)	(10)	(16)	0	(265)	(279)	(1.7)%
Total June 2016	808	1,055	247	276	185	26	2,598		
Total June 2015	838	1,114	250	297	217	10	2,726		
Like-for-like change (%)	(2.6)%	4.1%	3.2%	4.8%	1.7%	40.2%			2.0%

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

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

• Like-for-like growth	+54	m€	+2.0%
• Business expansion	+47	m€	+1.7%
• Currency effects	(86)	m€	(3.2)%
• Disposals	(143)	m€	(5.2)%
Variation in first-half 2016 Consolidated Revenue	(128)	m€	(4.7)%

At June 30, 2016, HotelServices revenue breaks down as follows:

In millions of euros	Management fees	Franchise fees	HotelInvest fees	Other Revenues	Total
June 2016	212	112	246	88	658
June 2015	200	95	261	76	632

Total fees for Managed and franchised hotels only, excluding currency and acquisitions, increased by 13.5%.

4.4. EBITDAR by Strategic Business and Region

In millions of euros	France	Europe (excl. France / Mediterranean)	Mediterranean, Middle East and Africa	Asia Pacific	Americas	Worldwide Structures (1)	June 2016	June 2015	Like-for- like change (%)
HOTELSERVICES	58	59	20	41	7	(8)	177	199	(4.5)%
HOTELINVEST	162	344	51	28	25	21	631	674	(0.7)%
CORPORATE & INTERCOS	-	-	-	-	-	(45)	(45)	(37)	(0)
Total June 2016	220	403	71	69	32	(32)	763		
Total June 2015	230	411	72	71	53	(1)	837		
Like-for-like change (%)	(4.1)%	4.0%	2.4%	8.4%	(23.3)%	N/A			(2.3)%

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

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

• Like-for-like growth	(20)	m€	(2.3)%
• Business expansion	(4)	m€	(0.4)%
• Currency effects	(22)	m€	(2.6)%
• Disposals	(29)	m€	(3.4)%
Variation in first-half 2016 EBITDAR	(74)	m€	(8.8)%

4.5. EBITDA by Strategic Business and Region

In millions of euros	France	Europe (excl. France / Mediterranean)	Mediterranean, Middle East and Africa	Asia Pacific	Americas	Worldwide Structures (1)	June 2016	June 2015	Like-for- like change (%)
HOTELSERVICES	56	56	20	38	7	(13)	163	186	(5.0)%
HOTELINVEST	50	181	21	4	6	23	286	287	2.1%
CORPORATE & INTERCOS	-	-	-	-	-	(44)	(44)	(35)	(19.4)%
Total June 2016	106	238	40	42	13	(34)	405		
Total June 2015	108	232	36	40	25	(2)	439		
Like-for-like change (%)	(2.2)%	6.4%	4.8%	14.6%	(32.5)%	N/A			(2.3)%

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

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

• Like-for-like growth	(10)	m€	(2.3)%
• Business expansion	(1)	m€	(0.3)%
• Currency effects	(10)	m€	(2.4)%
• Disposals	(11)	m€	(2.6)%
Variation in first-half 2016 EBITDA	(33)	m€	(7.6)%

4.6. EBIT by Strategic Business and Region

In millions of euros	France	Europe (excl. France / Mediterranean)	Mediterranean, Middle East and Africa	Asia Pacific	Americas	Worldwide Structures (1)	June 2016	June 2015	Like-for- like change (%)
HOTELSERVICES	55	55	19	32	6	(26)	141	167	(7.5)%
HOTELINVEST	13	103	9	0	(2)	22	145	133	7.4%
CORPORATE & INTERCOS	-	-	-	-	-	(47)	(47)	(37)	(21.0)%
Total June 2016	68	158	28	32	4	(51)	239		
Total June 2015	68	149	22	26	15	(15)	263		
Like-for-like change (%)	(4.1)%	10.5%	9.9%	27.8%	(54.6)%	N/A			(4.0)%

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

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

• Like-for-like growth	(10)	m€	(4.0)%
• Business expansion	(7)	m€	(2.6)%
• Currency effects	(6)	m€	(2.2)%
• Disposals	(0)	m€	(0.0)%
Variation in first-half 2016 EBIT	(23)	m€	(8.9)%

Note 5. Operating Expense

In millions of euros	June 2015	June 2016
Cost of goods sold	(159)	(146)
Employee benefits expense	(991)	(953)
Energy, maintenance and repairs	(142)	(127)
Taxes, insurance and service charges (co-owned properties)	(116)	(98)
Other operating expense	(481)	(510)
Operating Expense	(1,890)	(1,835)

Note 6. Rental Expense

Rental expense breaks down as follows by type of contract:

In millions of euros	Number of hotels June 2016	Rental Expense June 2016	Rental expense June 2015
Hotel fixed rental expense	282	(171)	(183)
Hotel variable rental expense	581	(187)	(217)
Total hotel rental expense	863	(359)	(400)
Others	-	1	2
Rental expense	863	(358)	(398)

Minimal rental commitments (cash basis)

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

Years	In millions of euros
2016 (6 months)	(185)
2017	(339)
2018	(322)
2019	(305)
2020	(276)
2021	(232)
2022	(215)
2023	(195)
2024	(180)

Years	In millions of euros
2025	(156)
2026	(139)
2027	(109)
2028	(90)
2029	(75)
2030	(56)
2031	(46)
> 2031	(374)
Total	(3,294)

At June 30, 2016, the present value of future minimum lease payments, with a rate of 7% and future payments estimated on a straight-line basis a from the sixth year, used to calculate the “Adjusted funds from ordinary activities/adjusted net debt” ratio amounted to €(2,227) million.

Note 7. Net Financial Expense

In millions of euros	June 2015	June 2016
Cost of net debt	(34)	(38)
Other financial income and expenses	2	(59)
Net financial expense	(32)	(97)

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

Other financial income and expenses mainly include gains and losses corresponding to the ineffective portion of hedges, dividend income from non-consolidated companies, exchange gains and losses and movements in provisions. The €61 million negative change is mainly attributable to:

- A €41 million negative fair value adjustment to an interest rate hedge set up on behalf of lessors in order to secure lease financing for a real estate acquisition.
The purpose of the finance lease, which has a deferred start date of end-2018, is to secure financing conditions for a call option relating to a real estate investment (Group's headquarters). While fair value adjustments on the instrument will impact Accor's income statement until the transaction has been finalized, a withdrawal from the transaction would result in a payment being made by Accor. The €41 million loss is attributable to the sharp decline in interest rates; an increase in interest rates would reverse the trend and have a positive impact on the income statement.
- A €12 million loss corresponding to the ineffective portion of the hedge set up in connection with the Fairmont Raffles Hotels International Group acquisition;
- €7 million in net exchange losses.

Note 8. Impairment Losses

Impairment losses recognised in the first half 2015 and 2016 can be analysed as follows:

In millions of euros	June 2015	June 2016
Goodwill	(2)	(5)
Intangible assets	(0)	(0)
Property, Plant and Equipment	(33)	(36)
Impairment Losses	(35)	(41)

A. HotellInvest

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

The definition of cash-generating unit and the methods used to determine recoverable value are presented in the summary of significant accounting policies in the notes to the consolidated financial statements for the year ended December 31, 2015.

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

Goodwill:

At June 30, 2016, impairment losses are mainly related to the review of the HotelInvest goodwill in Asia Pacific for €(5) million of which €(4) million related to investments in associates.

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

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

Tangible assets:

In millions of euros	France	Europe (excl. France/ Mediterranean)	Mediterranean, Middle East and Africa	Asia Pacific	Americas	Worldwide Structures	Total
June 2016	(12)	(5)	(1)	(12)	(6)	-	(36)

June 2015	(16)	(7)	(1)	(3)	(6)	-	(33)
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At June 30, 2016, impairment losses on property, plant and equipment related to 133 hotels for €(36) million. No impairment losses were reversed.

At June 30, 2015, impairment losses on property, plant and equipment related to 105 hotels for €(33) million. No significant impairment losses were reversed.

B. HotelServices

For the HotelServices business, as no indicator of impairment has been identified, impairment tests will be carried out in 2016 second half of the year.

Note 9. Restructuring Costs

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

In millions of euros	June 2015	June 2016
Movements in restructuring provisions	11	(3)
Restructuring costs	(15)	(15)
Total restructuring costs	(5)	(17)

In June 2016, restructuring costs included €(11) million related to a voluntary separation plan in France.

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

In millions of euros	June 2015	June 2016
Disposal gains and losses	(2)	91
Provision for losses on hotel properties	(10)	9
Total Gains and Losses on Management of Hotel properties	(12)	101
Disposal gains and losses	(13)	(0)
Provision movements	6	(3)
Gains and losses on non-recurring transactions	(12)	(57)
Total Gains and Losses on Management of Other Assets	(19)	(61)

At June 30, 2016, gains and losses on the management of hotel portfolios included a €76 million gain on the sale of Economy and Midscale hotels in China by AccorHotels to Huazhu and a €10 million gain on the sale of a portfolio of 84 hotels to Grape Hospitality.

At June 30, 2016, gains and losses on the management of other assets included:

- costs recognized in connection with the acquisition of the Fairmont, Raffles and Swissôtel Group for €(24) million;
- costs recognized in connection with the transfer of corporate headquarters for €(10) million;
- losses for others claims and litigation for an amount of €(26) million.

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

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

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

Note 11. Income Tax Expense

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

The current tax rate is above the theoretical tax rate of 34.43% in force in France, mainly because no deferred tax asset was recognized for the tax losses of the French tax group.

In millions of euros	June 2015	June 2016
+ Operating profit before tax and non recurring items	239	143
- Share of profit of associates after tax	8	0
= Adjusted operating profit before tax and non recurring items	231	142
+ Income tax expense	(67)	(39)
- Provision for tax risk	1	4
- Tax on non recurring items	5	9
= Adjusted tax expense	(73)	(52)
Adjusted tax / Adjusted PBT	31.5%	36.3%

Note 12. Goodwill

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

In millions of euros

Net carrying amount at 1st January		697
Goodwill recognized on acquisitions for the period and other increases	(1)	241
Disposals		(0)
Impairment losses	Note 8	(5)
Translation adjustment		(18)
Reclassifications to Property, Plant and Equipment		-
Reclassifications to Assets held for sale	Note 18	(0)
Other reclassifications and movements		(3)
Net carrying amount at end of period		911

(1) The increase in goodwill primarily reflects the acquisition of onefinestay for €169 million (see Note 3), the acquisition of control of a Sofitel hotel in Cartagena previously operated under a management contract for €26 million and the acquisition of two hotels (including one off-plan) in Rio de Janeiro for €24 million.

Note 13. Intangible Assets

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

In millions of euros

Carrying amount at 1st January		307
Acquisitions		4
Internally-generated assets		15
Intangible assets acquired		2
Amortization for the period		(21)
Impairment losses for the period		(0)
Disposals of the period		(2)
Translation adjustment		(5)
Reclassification to Assets held for sale	Note 18	3
Carrying amount at end of period		304

Note 14. Property, plant and Equipment

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

In millions of euros

Carrying amount at 1st January		3,024
Acquisitions	(1)	101
Capital expenditure	(2)	259
Depreciation for the period		(142)
Impairment losses for the period recognized in impairment losses or in net loss from discontinued operations	Note 8	(36)
Translation adjustments		(29)
Disposals for the period		(6)
Reclassifications to Assets held for sale	Note 18	(11)
Net carrying amount at end of period		3,161

Changes during the period mainly result of €137 million.

- (1) In first half 2016, property, plant and equipment acquired correspond mainly to the buyback of Munich City Novotel for €62 million and of 2 hotels in Hungary for €28 million, and the acquisition of a managed Sofitel in Cartagena for €14 million.
- (2) In first half 2016, capital expenditure include refurbishment work for €81 million for the most part in France and Germany, as well as new buildings for €179 million for the most part in Germany, Hungary and in France.

Note 15. Investments in Associates

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

In millions of euros

Carrying amount of investments in associates at 1st January	346
Investments in associates in net profit for the period	0
Dividends paid	(3)
Changes in scope of consolidation	264
Translation adjustments	(13)
Capital increase	27
Others	(0)
Carrying amount of investments in associates at end of period	621

The year-on-year change primarily includes €187 million of Huazhu shares following the finalization of the partnership in January 2016 (see Note 3) and €62 million related to the acquisition of stakes in Grape Hospitality, €27 million in capital increases (€19 million related to the reimbursement of Risma bonds redeemable as shares and €6 million related to the development projects in India), and €13 million negative impact from currency effects, of which €7 million negative impact related to the Chinese yuan.

Note 16. Shareholders' Equity

Note 16.1 Changes in share capital

At June 30, 2016, the number of outstanding shares and the number of potential shares that could be issued break down as follows:

Number of issued shares at January 1, 2016	235,352,425
Performance shares granted	416,910
Shares issued on exercise of stock options	137,998
Shares issued in payment of dividends	2,048,461
Number of issued shares at June 30, 2016	237,955,794
Stock option plans	2,235,126
Performance shares plans	1,115,485
Potential number of shares	241,306,405

Note 16.2. Diluted earnings per share

At June 30, 2016, the average number of ordinary shares before and after dilution is presented as follows:

Outstanding shares at June 30, 2016	237,955,794
Effect of share issues on the weighted average number of shares	(368,760)
Adjustment for stock option plans exercised during the period	(94,408)
Effect of stock dividends on weighted average number of shares	(1,561,810)
Weighted average number of ordinary shares during the period	235,930,816

Diluted earnings per share were therefore calculated as follows:

In millions of euros	June 2015	June 2016
Net profit, Group share (continuing and discontinued operations)	91	74
Hybrid capital dividend payment	(37)	(37)
Adjusted Net profit, Group share	53	37
Weighted average number of ordinary shares (in thousands)	233,450	235,931
Number of shares resulting from the exercise of stock options (in thousands)	1,258	630
Number of shares resulting from performance shares grants (in thousands)	507	484
Fully diluted weighted average number of shares (in thousands)	235,216	237,045
Earnings per share (in euros)	0.23	0.16
Diluted earnings per share (in euros)	0.23	0.16

Note 16.3. Exchange differences on translating foreign operations

Exchange differences on translating foreign operations between December 31, 2015 and June 30, 2016, representing a negative impact of €60 million, mainly concern changes in exchange rates against the euro of the Pound Sterling (€47 million negative impact), the Chinese Yuan (€21 million negative impact), the US dollar (€15 million negative impact), the Polish Zloty (€12 million negative impact) and the Brazilian Real (€31 million positive impact).

Note 16.4. Payment of dividends

The 2014 and 2015 dividends were as follows:

In euros	2014	2015
Dividend per Share	0.95	1.00

Part of the dividends was paid in cash and part in stock.

Note 16.5. Share-based payments

PERFORMANCE SHARE PLAN

On June 16, 2016, Accor granted 504,500 performance shares to senior executives and employees have a three-year vesting period, with no subsequent lock-up period, and are subject to three vesting conditions.

The performance criteria concern actual EBIT margin versus budgeted margin, free cash flow excluding disposals proceeds (net cash from operating activities excluding non-recurring transactions less disposals and acquisitions, adjusted for the change in operating working capital) and an external performance criterion for the years 2016, 2017 and 2018. The number of vested shares depends on the average annual achievement rate for the various objectives over the three-year vesting period.

The cost of the performance share plan – corresponding to the fair value of the share grants – amounted to €15.5 million at June 16, 2016 and is being recognized on a straight-line basis over the vesting period under "Employee benefits expense" with a corresponding adjustment to equity. The fair value of the share grants was measured as the Accor opening share price on the grant date less the present value of unpaid dividends multiplied by the number of shares granted under the plan.

Plan costs recognized in first-half 2016 amounted to €0.2 million.

COST OF SHARE-BASED PAYMENTS RECOGNIZED IN THE ACCOUNTS

The total cost recognized in profit or loss by adjusting equity in respect of share-based payments amounted to €7.3 million at June 30, 2016 when it amounted to €5.6 million at June 30, 2015.

Note 16.6. Perpetual subordinated notes

On June 30, 2014, AccorHotels issued €900 million worth of perpetual subordinated notes. In 2016, dividend payment on perpetual subordinated notes amounted to €37 million.

Note 17. Financial Debt and Instruments

Note 17.1. Analysis of Net Debt

Net debt at June 30, 2016 breaks down as follows between gross debt and financial instruments:

In millions of euros	December 31, 2015 Carrying amount	June 2016 Carrying Amount	June 2016 Fair value
LONG AND SHORT-TERM DEBT :	2,855	2,966	3,187
Bonds (1)	2,582	2,587	2,808
Bank borrowings	123	123	123
Other financial liabilities	5	6	6
Long and short-term borrowings	2,710	2,716	2,937
Long and short-term finance lease liabilities	72	54	54
Purchase commitments (minority put)	10	62	62
Liability derivatives (2)	15	69	69
Other financial liabilities and bank overdrafts	48	65	65
FINANCIAL ASSETS	(3,050)	(2,455)	(2,456)
Money market securities	(2,799)	(2,036)	(2,037)
Cash	(156)	(269)	(269)
Other	(87)	(135)	(135)
Derivative instruments - assets (2)	(8)	(15)	(15)
NET DEBT	(194)	511	731

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

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

The carrying amount and fair value of money market securities at June 30, 2016 are as follows:

In millions of euros	December 31, 2015 Carrying amount	June 30, 2016 Carrying amount	June 30, 2015 Fair value
Other negotiable debt securities (a)	(1,533)	(1,064)	(1,064)
Mutual funds units convertible into cash in less than three months (*) (b)	(1,266)	(972)	(973)
Other (accrued interest)	-	-	-
Total money market securities	(2,799)	(2,036)	(2,037)

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

(a) Loans and receivables issued by the Group

(b) Available-for-sale financial assets

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

Note 17.2. Long and short-term debt by currency and maturity

At June 30, 2016, the analysis of long and short-term debt by currency before and after hedging breaks down as follows:

En millions d'euros	Before hedging			After hedging		
	Total debt			Total debt		
	Amount	Rate	% of total debt	Amount	Rate	% of total debt
Euro	2,414	2.97%	89%	2,246	2.97%	83%
Swiss franc	147	1.72%	5%	197	1.73%	7%
Polish zloty	99	2.69%	4%	99	2.69%	4%
Pound sterling	-	-	-	80	0.54%	3%
Japanese yen	-	-	-	37	-0.03%	1%
Mauritian rupee	24	7.68%	1%	24	7.68%	1%
Other currencies	32	7.93%	1%	33	7.73%	1%
Long and short-term debt	2,716	2.94%	100%	2,716	2.85%	100%

At June 30, 2016, maturities of long and short-term debt were as follows:

In millions of euros	Dec. 2015	June 2016
Year N + 1	110	491
Year N + 2	633	272
Year N + 3	16	365
Year N + 4	350	119
Year N + 5	119	967
Year N + 6	908	232
Beyond	719	520
Total Long and short-term debt	2,855	2,966

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

On June 30, 2016, unused long-term committed line is amounting to €1,800 million, expiring in June 2019.

Note 18. Assets and Liabilities Held for Sale

Assets and Liabilities held for sale break down as follows:

In millions of euros		Dec. 2015	June 2016
Onboard Train Services business		12	11
France	(1)	49	2
Spain	(1)	23	7
Austria	(1)	15	(0)
Italy	(1)	12	-
Belgium	(1)	9	-
Germany	(1)	5	0
Netherlands	(1)	2	-
Portugal	(1)	1	0
China	(2)	47	1
Colombia	(3)	11	-
United Kingdom		4	1
Other		18	14
Non-current assets classified as held for sale (asset deals)		195	24
Total Assets classified as Assets held for sale		208	36
Onboard Train Service business		(8)	(8)
Liabilities related to Disposal groups classified as held for sale		(10)	(2)
Total Liabilities classified as Liabilities associated with assets classified as held for sale		(19)	(10)

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

- (1) At December 31, 2015, 85 hotels were reclassified as "Assets held for sale" for a total of €114 million. The properties were intended to be sold to Grape Hospitality in 2016. They include 61 hotels in France for €48 million, 9 in Spain for €23 million, 4 in Austria for €15 million, 3 in Italy for €12 million, 4 in Belgium for €9 million, 1 in Germany for €4 million, 1 in the Netherlands for €2 million and 2 in Portugal for €1 million. As of June 30, 2016, AccorHotels had sold 84 of these 85 hotel businesses and 27 of the 28 directly-owned hotel properties (see Note 3). One hotel in Spain whose sale is due to be completed in the third quarter was still classified under "Assets held for sale" at June 30, 2016.
- (2) In 2014, in connection with its partnership with Huazhu, the Group decided to sell twelve ibis hotels in China (see Note 3). These hotels were still classified as assets held for sale and their carrying amount was €46 million at December 31, 2015. These hotels were sold in January 2016.
- (3) At December 31 2015, the Cartagena ibis was reclassified as "Assets held for sale". The property was sold under a sale-and-management-back contract in March 2016.

Note 19. Provisions

Post-employment and other long-term employee benefits

The post-employment and other long-term employee benefit obligation recognized at June 30, 2016 was calculated by projecting the December 31, 2015 obligation over a six-month period, taking into account any benefits paid and any changes to plan assets.

In the event of significant changes to certain parameters, such as the discount rate, the actuarial assumptions used to calculate employee benefit obligations for interim accounts may differ from those used for the annual financial statements.

At June 30, 2016, provisions for pensions were adjusted, with a corresponding adjustment to equity, as a result of a change in the discount rate applied in Euro zone and in Switzerland (increase by €16 million), and the suppression of a tax for pensions under certain defined benefit plans for the Worldwide Structures (decrease by €8 million). The provision concerning France was increased by €10 million following a change in the terms of the relevant collective bargaining agreement.

Changes in provisions

Movements in long-term and short-term provisions between December 31, 2015 and June 30, 2016 can be analyzed as follows:

In millions of euros	Dec. 2015	Equity impact	Increases	Utilizations	Reversals of unused provisions	Translation adjustment	Reclassifications and changes in scope	June 2016
Provisions for pensions	120	9	17	(5)	(1)	0	0	140
Provisions for loyalty bonuses	19	-	1	(1)	(0)	(0)	(0)	19
Provisions for claims and other contingencies	2	-	2	-	(0)	(0)	(1)	3
TOTAL LONG-TERM PROVISIONS	142	9	20	(6)	(1)	0	(1)	162
Tax provisions	28	-	0	(4)	(0)	0	0	25
Restructuring provisions	17	-	12	(7)	(2)	0	1	21
Provisions for claims and other contingencies	128	-	22	(22)	(14)	1	0	115
TOTAL SHORT-TERM PROVISIONS	173	-	33	(33)	(16)	2	1	161

Note 20. Reconciliation of Funds from Operations

In millions of euros	June 2015	June 2016
Net Profit, Group share	91	74
Minority interests	11	10
Depreciation, amortization and provision expenses	176	170
Share of profit of associates, net of dividends received	1	2
Deferred tax	(5)	(34)
Change in financial provisions and provisions for losses on assets disposals	(2)	3
Impairment losses	35	41
Funds from operations from discontinued operations	(1)	(1)
Funds From Operations including non-recurring transactions	307	267
(Gains)/Losses on disposals of assets, net	15	(91)
(Gains)/Losses on non-recurring transactions (included restructuring costs and exceptional taxes) (*)	43	145
Non-recurring items from discontinued activities	0	0
Funds From Operations excluding non-recurring transactions	364	320

(*) Net financial expense is now broken out between cost of net debt (included in "Funds from operations excluding non-recurring transactions") and other financial income and expenses, net (reported under "Cash received (paid) on non-recurring transactions").

Note 21. Change in Working Capital

The variation in Working Capital can be analyzed as follows:

In millions of euros	Dec. 2015	June 2016	Variation
Inventories	37	28	(9)
Trade receivables	432	477	46
Other receivables and accruals	471	474	3
WORKING CAPITAL ITEMS - Assets	940	979	39
Trade payables	736	712	(24)
Other payables	1,012	1,005	(7)
WORKING CAPITAL ITEMS - Liabilities	1,748	1,717	(31)
WORKING CAPITAL	808	738	(70)

The change in working capital related chiefly to operating activities in the amount of €(88) million and translation adjustments in the amount of €(9) million.

Note 22. Renovation and maintenance Expenditure and Development Expenditure

Renovation and Maintenance Expenditure

In millions of euros	June 2015	June 2016
HOTELSERVICES	15	19
HOTELINVEST	47	64
CORPORATE & INTERCOS	2	14
Renovation and maintenance expenditure	64	97

Development expenditure excluding discontinued operations

In millions of euros	June 2015	June 2016
HOTELSERVICES	17	336
HOTELINVEST	101	393
HOLDING/ELIMINATIONS	0	-
Development expenditure	118	729

At June 30, 2016, most important development expenditure of HotelServices were:

- €162 million related to the acquisition of onefinestay including a provisional goodwill for €169 million and other assets and liabilities for €(7) million;
- €153 million related to the additional acquisition of 9% in Huazhu;
- €14 million related to the acquisition of a 30% stake in Oasis collections and of a 49% stake in Squarebreak.

At June 30, 2016, most important development expenditure of HotelInvest were:

- €68 million related to the acquisition of a 30% stake in Grape Hospitality (€62 million in shares and €6 million in long term loans);
- €56 million related to the acquisition of the Munich City Novotel;
- €59 million related to the acquisitions of 2 ibis and 1 ibis *budget* in Germany;
- €58 million related to the buyback of 1 Novotel, 1 Sofitel and 2 ibis in France;
- €28 million related to the acquisition of two hotels (including one under construction) in Rio de Janeiro;
- €28 million related to the buyback of 2 hotels in Hungary;
- €19 million related to the reimbursement of Risma bonds redeemable as shares.

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

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

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

Note 23.1. Claims and litigation

The main change as regards litigation in which the Group is involved during the first half of 2016 relates to CIWLT tax audit:

Following tax audits covering the year 2003 of the French branch of Compagnie Internationale des Wagons Lits et du Tourisme (CIWLT), a Belgian company that is 99.78%-owned by Accor SA, the French tax authorities concluded that CIWLT's seat of management was in France, not Belgium.

The authorities therefore added CIWLT's profit to the profit taxable in France. CIWLT contested this reassessment before the competent French courts.

The tax and related penalties totaling €17.5 million were paid in July 2011 and late interest of €2.7 million was paid in August 2011. Receivables for the same amounts were recorded in the consolidated statement of financial position at December 31, 2011, offset in full by provisions. The Versailles Administrative Court of Appeal found against CIWLT in a ruling handed down on May 21, 2013 and in August 2013 CIWLT filed a summary motion to institute proceedings before the French Supreme Court of Appeal (Conseil d'Etat).

CIWLT's appeal was rejected by the Conseil d'Etat on March 7, 2016. The Conseil d'Etat's ruling brings the dispute to an end. It has no impact on the financial statements, however, as the receivables booked by CIWLT were written down in full.

Note 23.2. Off Balance Sheet Commitments

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

Off-balance sheet commitments given by the Group decreased by €196 million during the first half of 2016. The change by type breaks down as follows:

In millions of euros

Off-Balance Sheet Commitments at December 31, 2015	924
Security interests given on assets	(12)
Capex Commitments	(11)
Purchase commitments	(1) (162)
Loan guarantees given	(10)
Commitments given in the normal course of business	(1)
Off-Balance Sheet Commitments at June 30, 2016	727

- (1) Change in purchase commitments is in connection with property development projects (see note 22) and consists primarily of:
- a. Write-off of commitments due to the acquisition of Novotel Munich City, 1 ibis and 1 Mercure in Germany: €90 million,
 - b. Write-off of commitments due to the acquisition of assets related to the Group's memorandum of understanding with Foncière des Murs and Axa: €39 million,
 - c. Write-off of commitments due to the acquisition of an 80% stake in Compagnie Hôtelière du Brésil, owner of two hotels in Rio de Janeiro: €32 million,
 - d. Decrease of commitment related to the leaseholder and property development contract for the construction of the ibis Canning Town: €7 million.

Off-balance sheet commitments received are comparable in type and amount with those disclosed in the notes to the consolidated financial statements for the year ended December 31, 2015.

Note 24. Related Party Transactions

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

During the first half of 2016, in connection with the sale of a portfolio of 85 hotels in Europe to Grape Hospitality, a company controlled by Eurazeo that is accounted for by the equity method in the Group's consolidated financial statements on a 30% basis (see Note 3), a related party agreement was signed with Eurazeo providing 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 85 hotels to Grape Hospitality Holding;
- The signature of franchise agreements for the ongoing operation under AccorHotels brands of the hotels sold;
- A letter of guarantee from Accor that the Accor subsidiaries party to the framework agreement will comply with their obligations thereunder.

Note 25. Subsequent Events

A. Completion of the acquisition of the 3 luxury brands Fairmont, Raffles and Swissôtel

Following the approval of shareholders at the Shareholders' Meeting on July 12, 2016, AccorHotels officially announced the acquisition of Fairmont Raffles Hotels International Group (FRHI) and its three prestigious luxury hotel brands: Fairmont, Raffles and Swissôtel. The acquisition positions AccorHotels as a leading player in the global luxury hotel market, increases long term growth potential and profitability, and significantly expands the Group's footprint in North America, the world's most influential market in this segment.

The transaction led to a US\$ 840 million (€757 million) cash payment and the issuance of 46.7 million AccorHotels shares as consideration for the contributed FRHI shares (valued at €1,732 million based on the opening share price on July 12, 2016 of €37.090). In early January 2016, AccorHotels purchased euro/dollar currency hedges on a total notional amount of \$840 million. These hedges were measured at fair value at June 30, 2016, leading to the recognition of a €12 million loss in the first-half income statement and a €13 million negative adjustment to the fair value of the consideration to be transferred for the acquisition of FRHI.

The transaction gives FRHI's vendors, QIA and KHC, respective stakes of 10.4% and 5.8% in AccorHotels' share capital. QIA has now two seats on the Board and KHC has one seat.

AccorHotels expects to generate revenue and cost synergies of around €65 million thanks to the combination of brands, the maximization of hotel earnings, the increased efficiency of marketing, sales and distribution channel initiatives, and the optimization of support costs. Significant enhancements will also be made in terms of customer data, thanks to the integration of FRHI's customer base that includes three million loyalty members, of which 75% are in North America.

The vast majority of Fairmont, Raffles and Swissôtel's 154 hotels and resorts (of which 40 are under development) and 56,000 rooms spanning 34 countries and five continents are operated under long-term management contracts, with an average term of nearly 30 years; six hotels are leased and one hotel is owned. The Fairmont, Raffles and Swissôtel brands employ more than 45,000 people worldwide. More information about the operation is available within the Document E registered with the AMF on June 17, 2016 and available on accor.com website.

In support of the acquisition, and as part of AccorHotels' larger strategy to strengthen its luxury and upscale business, Chris Cahill is joining the Executive Committee as the Group's Chief Executive Officer, Luxury Brands.

B. AccorHotels initiates project to turn HotelInvest into a subsidiary

After three years of transformation that have resulted in the development of two well-structured, strategically related business lines with record performances, AccorHotels announced a project to create a dedicated subsidiary for its HotelInvest operations. The project was given the go-ahead by the AccorHotels' Board of Directors at its meeting on July 12. It will be presented to the appropriate employee representative organizations and submitted for approval to AccorHotels' governing bodies, including the Board of Directors and Shareholders' Meeting. It is expected to be completed by the end of first-half 2017.

The aim of the project is to strengthen AccorHotels' financial resources in order to accelerate growth, while also providing a legal structure that will ultimately enable third-party investors to hold the majority of HotelInvest's capital. AccorHotels would use the additional financial leeway to develop its two business lines and seize new growth opportunities, thereby maximizing the Group's overall value.

C. Exclusive negotiation for the acquisition of John Paul

On July 27, 2016 AccorHotels announced it has begun exclusive negotiations for the acquisition of John Paul, the leading player in premium customer and employee loyalty services. Accorhotels should acquire about 80% of John Paul, for an enterprise value of \$150 million; the remaining stake being kept by David Amsellem, the founder of the company, who will remain as CEO.

This is a major new step in transforming AccorHotels into a travel companion providing innovative services to travelers at every step of their journey.

The Group is a combined workforce of 1,000 highly skilled and trained people, across all five continents. The team works as a partner to the world's leading brands and a bespoke concierge available around the clock, 7 days a week, anywhere in the world, to meet their customers' request from the simplest to the most complex.

The first technology enabled concierge, equipped with a proprietary Customer Relationship Management (CRM) and data platform based on a behavioral profiling and a 360° personalization, as well as a network of over 50,000 partners in more than 50 countries, the company offers the most exhaustive and global loyalty solutions to prestigious brands in the financial, automotive, travel, consumer, healthcare, pharma, luxury industries and more.