

# CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND NOTES

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

## ➤ Consolidated Income Statement

In millions of euros	Notes	1st semester 2016 (*)	1st semester 2017
<b>CONSOLIDATED REVENUE</b>	4	<b>691</b>	<b>922</b>
Operating expense	5	(455)	(566)
<b>EBITDAR</b>		<b>236</b>	<b>356</b>
Rental expense	5	(49)	(53)
<b>EBITDA</b>	4	<b>187</b>	<b>303</b>
Depreciation, amortization and provision expense		(52)	(77)
<b>EBIT</b>	4	<b>134</b>	<b>226</b>
Net financial expense	6	(93)	(40)
Share of net profit of associates and joint ventures		(1)	13
<b>OPERATING PROFIT BEFORE TAX &amp; NON RECURRING ITEMS (INCL. FINANCIAL RESULT)</b>		<b>40</b>	<b>200</b>
Non-recurring income and expense	7	19	(58)
<b>OPERATING PROFIT BEFORE TAX (INCLUDING FINANCIAL RESULT)</b>		<b>59</b>	<b>141</b>
Income tax expense	8	(20)	39
<b>PROFIT FROM CONTINUING OPERATIONS</b>		<b>39</b>	<b>181</b>
Net profit or Loss from discontinued operations		46	(86)
<b>NET PROFIT OR LOSS</b>		<b>84</b>	<b>95</b>
Net Profit, Group Share from continuing operations		30	165
Net Profit or Loss, Group Share from discontinued operations		44	(88)
<b>Net Profit or Loss, Group Share</b>		<b>74</b>	<b>77</b>
Net Profit, Minority interests from continuing operations		9	15
Net Profit or Loss, Minority interests from discontinued operations		1	3
<b>Net Profit, Minority interests</b>		<b>10</b>	<b>18</b>
Weighted average number of shares outstanding (in thousands)	12	235,931	285,593
<b>EARNINGS PER SHARE (in €)</b>		<b>0.16</b>	<b>0.14</b>
Diluted earnings per share (in €)	12	0.16	0.14
Earnings per share from continuing operations (in €)		(0.03)	0.45
Diluted earnings per share from continuing operations (in €)		(0.03)	0.45
Earnings per share from discontinued operations (in €)		0.19	(0.31)
Diluted earnings per share from discontinued operations (in €)		0.19	(0.31)

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

## ➤ Consolidated statement of comprehensive income

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

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

## ➤ Consolidated statement of financial position

### Assets

Assets In millions of euros	Notes	December 31, 2016	June 30, 2017
<b>GOODWILL</b>	9	<b>1,496</b>	<b>1,549</b>
<b>INTANGIBLE ASSETS</b>	10	<b>2,401</b>	<b>2,294</b>
<b>PROPERTY, PLANT AND EQUIPMENT</b>	10	<b>562</b>	<b>658</b>
Long-term loans		77	56
Investments in associates and Joint-ventures	11	596	728
Other financial investments		171	100
<b>TOTAL NON-CURRENT FINANCIAL ASSETS</b>		<b>844</b>	<b>884</b>
Deferred tax assets		233	204
Other non-current assets		9	9
<b>TOTAL NON-CURRENT ASSETS</b>		<b>5,545</b>	<b>5,598</b>
Inventories	15	8	10
Trade receivables	15	374	408
Other receivables and accruals	15	252	296
Receivables on disposals of assets	13	24	11
Short-term loans	13	19	17
Cash and cash equivalents	13	1,184	754
<b>TOTAL CURRENT ASSETS</b>		<b>1,861</b>	<b>1,496</b>
Assets classified as held for sale	3	4,457	4,732
<b>TOTAL ASSETS</b>		<b>11,864</b>	<b>11,827</b>

## Equity and Liabilities

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

## ➤ Consolidated Cash Flow Statement

In millions of euros	Notes	1st semester 2016 (*)	1st semester 2017
+ EBITDA	4	187	303
+ Cost of net debt	6	(35)	(45)
+ Income tax expense		(49)	(23)
- Non cash revenue and expense included in EBITDA		10	9
- Elimination of provision movements included in net financial expense and non-recurring taxes		4	4
+ Dividends received from equity investments		2	5
+ Impact of discontinued operations		202	198
<b>= Funds from operations excluding non-recurring transactions</b>		<b>320</b>	<b>452</b>
+ Decrease (increase) in operating working capital	15	9	(64)
+ Impact of discontinued operations	15	(97)	132
<b>= Net cash from operating activities</b>		<b>232</b>	<b>520</b>
+ Cash received (paid) on non-recurring transactions (incl. restructuring costs and non-recurring taxes)		(120)	(74)
+ Impact of discontinued operations		(20)	(28)
<b>= Net cash from operating activities including non-recurring transactions (A)</b>		<b>92</b>	<b>418</b>
- Renovation and maintenance expenditure	16	(40)	(43)
- Development expenditure	16	(399)	(271)
+ Proceeds from disposals of assets		91	10
+ Impact of discontinued operations		(247)	(563)
<b>= Net cash used in investments / divestments (B)</b>		<b>(595)</b>	<b>(867)</b>
+ Proceeds from issue of share capital		6	14
- Capital reduction		-	(13)
- Dividends paid		(176)	(162)
- Hybrid capital dividend payment		(37)	(37)
- Repayment of long-term debt		(8)	(1)
+ New long term debt		93	609
<b>= Increase (decrease) in long-term debt</b>		<b>85</b>	<b>608</b>
+ Increase (decrease) in short-term debt		(42)	(353)
+ Impact of discontinued operations		(31)	(2)
<b>= Net cash from financing activities (C)</b>		<b>(196)</b>	<b>55</b>
+ Effect of changes in exchange rates (D)		21	(39)
+ Effect of changes in exchange rates on discontinued operations (D)		(0)	30
<b>= Net change in cash and cash equivalents (E) = (A) + (B) + (C) + (D)</b>		<b>(680)</b>	<b>(403)</b>
- Cash and cash equivalents at beginning of period		2,944	1,133
- Effect of changes in fair value of cash and cash equivalents		(23)	-
- Net change in cash and cash equivalents for discontinued operations		1	(18)
+ Cash and cash equivalents at end of period		2,242	711
<b>= Net change in cash and cash equivalents</b>		<b>(680)</b>	<b>(403)</b>

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

## ➤ Changes in Consolidated Shareholders' Equity

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

## **Notes to the Condensed Consolidated Financial Statements**

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## ➤ Notes to the Condensed Consolidated Financial Statements

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

### Note 1. Main events of the period

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#### A. Spin-off and contemplated disposal of AccorInvest

##### Presentation of the project

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

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

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

##### Project implementation

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

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

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

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

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

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

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

## **Accounting treatment**

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

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

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

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

- The assets held for sale and related liabilities are presented separately from the Group's other assets and liabilities on specific lines of the consolidated statement of financial position at June 30, 2017,
- The first half 2017 profit of the discontinued operations is reported on a separate line of the consolidated income statement (under "Net profit or loss from discontinued operations") and statement comprehensive income, with restatement of the first half 2016 comparative information,
- Cash flows from operating, investing and financing activities for first half 2016 attributable to the discontinued operations are presented separately in the consolidated cash flow statement, with comparative information restated on the same basis.

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

## B. Changes in the scope of consolidation

### B.1. Acquisitions

#### Acquisition of VeryChic

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

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

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

#### Acquisition of Availpro

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

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

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

#### Acquisition of Travel Keys

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

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

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

## B.2. Other operations

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

### Strategic partnership with Rixos Hotels & Resorts

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

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

### Acquisition stake in Potel & Chabot

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

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

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

### Acquisition stake in Noctis

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

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

AccorHotels has two seats on Noctis' Supervisory Board.

## C. Acquisition of hotel assets

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

## **D. Bond Issue**

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

## **E. Share capital**

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

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

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

## Note 2. Accounting principles

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### Accounting framework

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

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

- Income Tax Expense: the income tax expense (current and deferred) is calculated by applying, on the one hand, the estimated annual average tax rate for the current fiscal year for each entity or tax group to profit before tax and non-recurring items for the period and, on the other hand, the current tax rate of each country to the non-recurring items of the period.
- Employee benefits: The post-employment and other long-term employee benefit obligation recognized at June 30, 2017 is calculated by projecting the December 31, 2016 obligation over a six-month period, taking into account any benefits paid and any changes to plan assets. The actuarial assumptions used in the calculation of the employee benefit obligations are updated in the event of significant change over the period.

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

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

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

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

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

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

## Future standards, amendments to and interpretations of existing standards

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

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

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

Standard	IFRS 16 Leases
Nature of change	<p>IFRS 16 removes the distinction between operating and finance leases, resulting in almost all leases being brought onto the balance sheet. The standard requires to recognize:</p> <ul style="list-style-type: none"> <li>- an asset reflecting the right to use the leased item ; and</li> <li>- a liability representing the obligation to pay rentals.</li> </ul> <p>Exemption applies to short-term and low-value leases.</p>
Estimated impact	<p>The assessment of the impacts of the application of this new standard is still ongoing. However, in view of AccorInvest's current disposal project, which covers virtually all of the hotel portfolio (see Note 1 for details), the Group in its future configuration does not anticipate any major impact on its consolidated financial statements.</p> <p>As at June 30, 2017, AccorHotels Group (excluding AccorInvest) has non-cancellable operating lease commitments of €445 million (before discounting impact). The Group has not yet determined the extent to which these liabilities could result in the recognition of an asset and a liability in the statement of financial position.</p>
Date of adoption	Mandatory application for financial years commencing on or after January 1, 2019 (subject to the endorsement by the European Union).

## Consideration of estimates and assumptions

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



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

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

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

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

### 3.1. Assets and liabilities held for sale

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

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

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

## AccorInvest assets and liabilities held for sale

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

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

- The acquisition of 15 hotel properties in Australia operated under the Ibis and Ibis Budget brands for €163 million. The transaction was part of an agreement with the owner, a wholly owned subsidiary of Abu Dhabi Investment Authority (ADIA), concerning the restructuring of a portfolio of 30 hotels,
- Recognition of a €39 million impairment loss on the lands of a hotel property in Bermuda included in the FRHI Hotels & Resorts acquisition, as part of the update of the purchase price allocation,
- Renovation and maintenance expenditure for €23 million on 5 existing hotels leased by FRHI Hotels & Resorts.

### 3.2. Discontinued Operations

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

#### Income statement of AccorInvest

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

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

- **Operating expense** mainly consisting of employee benefits expense for €650 million stable compared to the first semester 2016 (€631 million),
- A €314 million **rental** expense,
- A €122 million favourable impact on **amortization** expense due to amortization on non-current assets classified as held for sale being ceased starting from January 1, 2017 in accordance with IFRS 5.
- **Other income and expense** mainly consisting of:
  - An expense for financial result and net share of profit of equity investments of €5 million,
  - Restructuring costs for €32 million mainly in France for €30 million,
  - Other non-recurring expense for €13 million.
- **Income tax expense** comprising, besides current taxes, a €205 million tax cost resulting from the legal restructuring operations carried out in connection with the AccorInvest spin-off and a €33 million negative impact on income tax due to the freeze of amortization.

## Cash flows attributable to AccorInvest

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

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

Development expenditure mainly concern:

- €156 million related to the acquisition of 15 hotels in Australia to ADIA (net of 2016 deposit),
- €16 million related to the buyout of minority interests (38%) of Sofitel Santa Clara,
- €16 million related to the acquisition of Mercure Lyon Plaza,
- €10 million related to the acquisition of ibis Madrid Barajas Airport,
- €10 million related to the acquisition of ibis Aberdeen Centre in the United Kingdom.

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

## Note 4. Operational Segments

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

- HotelServices: Hotel manager and brand franchisor,
- HotelInvest: Hotel owner-operator.

Each strategic business was organized by region.

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

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

### HotelServices

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

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

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

### Hotel Assets

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

### New Businesses

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

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

The performance of the HotelServices and Hotel Assets segments continues to be followed by geographic region. However, the regional breakdown has been adjusted to reflect the Group's new business organization:

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

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

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

- Revenue
- EBITDA
- EBIT

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

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

## 4.1. Information by strategic business

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

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

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

## 4.2. Information by region

Revenue and earnings indicators by region break down as follows:

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

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

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

### 4.3. Information by strategic business and by region

#### A. Consolidated revenue

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

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

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

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

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

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

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

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



## B. EBITDA

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

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

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

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

## C. EBIT

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

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

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

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

#### 4.4. Restated information

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

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

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

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

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

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

- The fees billed by HotelServices to AccorInvest hotels that are eliminated in consolidation. These fees have been added back to revenue in the restated financial information for €228 million over the first semester 2017 (€221 million over the same period 2016),
- Purchasing commissions recorded as a deduction from expenses in the consolidated financial statements. In the restated financial information, they are included in revenue for €34 million over the first semester 2017 (€32 million over the same period 2016). This reclassification has no impact on EBIT,
- Reimbursements to owned and leased hotels related to the redemption of rewards points for a stay by members of the loyalty program « Le Club AccorHotels », recorded as a deduction from revenue in the consolidated financial statements. In the restated financial information, they are presented as operating expenses, similarly to reimbursements to managed and franchised hotels, for €13 million over the first semester 2017 (€12 million over the comparative period). This reclassification has no impact on EBIT.

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

## Note 5. Operating expense

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

(\*) Restated amounts in application of IFRS 5.

## Note 6. Net Financial Expense

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

(\*) Restated amounts in application of IFRS 5.

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

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

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

## Note 7. Non-recurring income and expense

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

(\*) Restated amounts in application of IFRS 5.

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

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

- Gains on the management of the Group's hotel portfolio of €89 million, of which €76 million related to the divestment of AccorHotels' Economy and Midscale hotel businesses in China to Huazhu,
- Non-recurring costs were also incurred for the integration of FRHI Hotels & Resorts Group (€24 million) and the move to new headquarters offices in Paris (€10 million).

## Note 8. Income Tax Expense

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

(\*) Restated amounts in application of IFRS 5.

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

## Note 9. Goodwill

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

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

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

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

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

The final goodwill has been allocated as follows:

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

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

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

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



## Note 10. Intangible Assets and Property, Plant and Equipment

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

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

Increases of the period mainly comprise:

- Intangible assets recognized in connection with the purchase price allocation of John Paul for €37 million, (of which contractual customer relationships for €31 million and brands for €6 million).
- Leasehold rights for €10 million in the United Kingdom.

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

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

Increases over the period mainly concern:

- Buyback of 5 hotels in Budapest formerly operated by the Group under lease contracts under the trading names Mercure, Ibis and Ibis Styles for €66 million,
- The acquisition with a view to disposal of a Sofitel located in Budapest for €43 million (immediately reclassified as assets held for sale).

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

## Note 11. Investments in Associates and Joint-ventures

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

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

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

- The Avendra shares acquired in July, 2016 as part of the acquisition of the FRHI Hotels & Resorts group were reclassified from "Investments in non-consolidated companies" to "Investments in associates and joint-ventures" due to the significant influence exercised by the Group,
- During the period, the Group acquired stakes in two associates - Noctis and Potel & Chabot - and set up a joint venture with Rixos, leading to a €67 million increase in investments in associates and joint ventures.

## Note 12. Shareholder's Equity

### 12.1. Changes in share capital

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

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

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

### 12.2. Diluted earnings per share

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

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

Diluted earnings per share were therefore calculated as follows:

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

### 12.3. Exchange differences on translating foreign operations

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

### 12.4. Payment of dividends

The 2015 and 2016 dividends were as follows:

In euros	2015	2016
Dividend per Share	1.00	1.05

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

### 12.5. Share-based payments

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

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

### Performance shares granted in 2017

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

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

- Internal condition: Achievement of at least 90% of cumulative targeted EBIT for the years 2017, 2018 and 2019,
- External condition: Share price of at least €55 (triggering the vesting of two performance shares for each share purchased) and €60 (three performance shares for each share purchased). The estimated probability of this performance condition being fulfilled was taken into account to determine the fair value of the performance shares on the grant date.

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

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

- Internal conditions (80% weighting): EBIT margin compared to the budget and free cash flows excluding disposal proceeds (net cash from operating activities, less net cash used in/from investments and divestments, adjusted for changes in operating working capital),
- External condition (20% weighting): change in AccorHotels' Total Shareholder Return (TSR) compared with that of other international hotel groups and the CAC 40 index. The estimated probability of this performance condition being fulfilled was taken into account to determine the fair value of the performance shares on the grant date.

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

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

## **12.6. Perpetual subordinated notes**

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

## Note 13. Financial Debt and Instruments

### Note 13.1. Analysis of debt

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

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

- (1) The fair value of listed bonds corresponds to their quoted market value on the Luxembourg Stock Exchange and on Bloomberg on the last day of the period (level 1 valuation technique according to IFRS 13).
- (2) The fair value of forward foreign exchange contracts and interest rate and currency swaps corresponds to the market price that the Group would have to pay or receive to unwind these contracts (level 2 valuation technique according to IFRS 13).

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

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

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

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

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

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

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

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

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

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

## Note 14. Provisions

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

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

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

Reversals over the period mainly relate to:

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



## Note 15. Working Capital

The variation in Working Capital can be analyzed as follows:

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

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

## Note 16. Renovation and maintenance and Development Expenditure

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

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

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

(\*) Restated amounts in application of IFRS 5.

At June 30, 2017, development expenditure mainly comprise:

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

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

### Note 17.1. Claims and litigation

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

### Note 17.2. Off Balance Sheet Commitments

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

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

In millions of euros

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

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

- a. Write-off of commitment due to the buy-back of five hotels located in Budapest: €70 million,
- b. Write-off of commitment due to the acquisition of a 50% stake in the company that holds the Rixos brand and related management contracts: €36 million,
- c. Commitment to invest in the Banyan Tree Group located in Singapore for an amount of €16 million.

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

- a. Decrease of lease commitments related to hotels: €83 million,
- b. Commitments given in respect of a guarantee issued to Citibank on behalf of FRHI Hotels & Resorts: €16 million.

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

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

## **Note 18. Related Party Transactions**

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

## **Note 19. Subsequent Events**

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

## Note 20. Restatement of comparative information

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

### 20.1. Restated Consolidated Income Statement

In millions of euros	1st semester 2016		
	Reported	IFRS 5 impacts	Restated
<b>CONSOLIDATED REVENUE</b>	<b>2,598</b>	<b>(1,908)</b>	<b>691</b>
Operating expense	(1,835)	1,380	(455)
<b>EBITDAR</b>	<b>763</b>	<b>(527)</b>	<b>236</b>
Rental expense	(358)	309	(49)
<b>EBITDA</b>	<b>405</b>	<b>(218)</b>	<b>187</b>
Depreciation, amortization and provision expense	(166)	113	(52)
<b>EBIT</b>	<b>239</b>	<b>(105)</b>	<b>134</b>
Net financial expense	(97)	4	(93)
Share of net profit of associates and joint ventures	0	(2)	(1)
<b>OPERATING PROFIT BEFORE TAX &amp; NON RECURRING ITEMS (INCL. FINANCIAL RESULT)</b>	<b>143</b>	<b>(103)</b>	<b>40</b>
Non-recurring income and expense	(19)	38	19
<b>OPERATING PROFIT BEFORE TAX (INCLUDING FINANCIAL RESULT)</b>	<b>124</b>	<b>(65)</b>	<b>59</b>
Income tax expense	(39)	19	(20)
<b>PROFIT FROM CONTINUING OPERATIONS</b>	<b>85</b>	<b>(46)</b>	<b>39</b>
Net profit or Loss from discontinued operations	(0)	46	46
<b>NET PROFIT OR LOSS</b>	<b>84</b>	<b>(0)</b>	<b>84</b>
Net Profit, Group Share from continuing operations	75	(44)	30
Net Profit or Loss, Group Share from discontinued operations	(0)	44	44
<b>Net Profit or Loss, Group Share</b>	<b>74</b>	<b>(0)</b>	<b>74</b>
Net Profit, Minority interests from continuing operations	10	(1)	9
Net Profit or Loss, Minority interests from discontinued operations	-	1	1
<b>Net Profit, Minority interests</b>	<b>10</b>	<b>0</b>	<b>10</b>
Weighted average number of shares outstanding (in thousands)	235,931	-	235,931
<b>EARNINGS PER SHARE (in €)</b>	<b>0.16</b>	<b>-</b>	<b>0.16</b>
Diluted earnings per share (in €)	0.16	-	0.16

## 20.2. Restated consolidated statement of comprehensive income

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

## 20.3. Restated Cash Flow Statement

In millions of euros	1st semester 2016		
	Reported	IFRS 5 impacts	Restated
+ EBITDA	405	(218)	187
+ Cost of net debt (*)	(38)	3	(35)
+ Income tax expense	(77)	28	(49)
- Non cash revenue and expense included in EBITDA	13	(3)	10
- Elimination of provision movements included in net financial expense and non-recurring taxes	15	(11)	4
+ Dividends received from associates	3	(1)	2
+ Impact of discontinued operations	(1)	202	202
<b>= Funds from operations excluding non-recurring transactions</b>	<b>320</b>	<b>-</b>	<b>320</b>
+ Decrease (increase) in operating working capital	(88)	97	9
+ Impact of discontinued operations	0	(97)	(97)
<b>= Net cash from operating activities</b>	<b>232</b>	<b>-</b>	<b>232</b>
+ Cash received (paid) on non-recurring transactions (included restructuring costs and non-recurring taxes) (*)	(140)	20	(120)
+ Impact of discontinued operations	-	(20)	(20)
<b>= Net cash from operating activities including non-recurring transactions (A)</b>	<b>92</b>	<b>-</b>	<b>92</b>
- Renovation and maintenance expenditure	(97)	57	(40)
- Development expenditure	(729)	330	(399)
+ Proceeds from disposals of assets	231	(140)	91
+ Impact of discontinued operations	1	(248)	(247)
<b>= Net cash used in investments / divestments (B)</b>	<b>(595)</b>	<b>-</b>	<b>(595)</b>
+ Proceeds from issue of share capital	6	-	6
- Capital reduction	-	-	-
- Dividends paid	(177)	1	(176)
- Hybrid capital dividend payment	(37)	0	(37)
- Repayment of long-term debt	(9)	1	(8)
- Payment of finance lease liabilities	-	-	-
+ New long term debt	113	(20)	93
<b>= Increase (decrease) in long-term debt</b>	<b>104</b>	<b>(19)</b>	<b>85</b>
+ Increase (decrease) in short-term debt	(91)	49	(42)
+ Impact of discontinued operations	-	(31)	(31)
<b>= Net cash from financing activities (C)</b>	<b>(196)</b>	<b>-</b>	<b>(196)</b>
+ Effect of changes in exchange rates (D)	20	1	21
<b>= Net change in cash and cash equivalents (E) = (A) + (B) + (C) + (D)</b>	<b>(680)</b>	<b>1</b>	<b>(680)</b>
- Cash and cash equivalents at beginning of period	2,944	-	2,944
- Effect of changes in fair value of cash and cash equivalents	(23)	-	(23)
- Cash and cash equivalents reclassified at end of period in "Assets held for sale"	-	-	-
- Net change in cash and cash equivalents for discontinued operations	1	-	1
+ Cash and cash equivalents at end of period	2,242	-	2,242
<b>= Net change in cash and cash equivalents</b>	<b>(680)</b>	<b>-</b>	<b>(680)</b>