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Accor Luxury and Lifestyle

Société par actions simplifiée with a share capital of 2,834,261 euros

82, rue Henri Farman - 92130 Issy-les- Moulineaux (France)

Partial contribution of assets

Report of the joint demerger auditors on the consideration for the contributions

25 April 2024

*Order of the President of the Nanterre Commercial Court
dated December 14, 2023*

This is a free translation into English of the joint demerger auditors' report issued in French and is provided solely for the convenience of English speaking readers

To the shareholders of Accor and Accor Luxury and Lifestyle,

In accordance with the assignment entrusted to us by order of the President of the Nanterre Commercial Court dated December 14, 2023, concerning the contribution by Accor SA (hereinafter referred to as "Accor SA" or the "Contributor") to Accor Luxury and Lifestyle (hereinafter referred to as "Accor LL", the "Company" or the "Beneficiary") of the assets and liabilities relating to the stand-alone branch of activity corresponding to its Luxury and Lifestyle business, we have prepared this report on the consideration for the contributions in accordance with Article L.236-10 of the French Commercial Code.

Our opinion on the value of the contributions is set out in a separate report.

The terms and conditions of the contribution are set out in the draft partial asset contribution agreement governed by the French legal regime for demergers, signed by the representatives of the relevant companies on 25 April 2024.

Our responsibility is to express an opinion on the fairness of the proposed consideration for the contributions. To that end, we conducted our work in accordance with the professional standards of the French national auditing body (*Compagnie Nationale des Commissaires aux Comptes*) applicable to this engagement. These professional standards require us to perform the necessary procedures to verify that the relative values assigned to the shares of the companies involved in the transaction are appropriate and to analyze the fairness of the proposed consideration in relation to the relative values determined to be appropriate.

As our engagement terminates with the filing of this report, it is not our responsibility to update this report to take into account facts and circumstances arising after the date of its signature.

At no time did we find ourselves in any of the cases of incompatibility, prohibition or disqualification provided for by law.

Please find below our findings and conclusions, presented in the following order:

1. Presentation of the transaction and description of the contributions
2. Assessment of the appropriateness of the relative values attributed to the contributed stand-alone branch of activity and to the shares of the beneficiary company
3. Assessment of the fairness of the proposed consideration
4. Conclusion

1. Presentation of the transaction and description of the contributions

The terms and conditions of the transaction, set out in details in the draft partial asset contribution agreement, can be summarized as follows.

1.1. Background to the transaction

This contribution of a stand-alone branch of activity is part of a reorganization of the Accor group, whose business is divided into two divisions at operational level: a Luxury & Lifestyle division and a Premium, Midscale & Economy division.

The contribution of the Luxury & Lifestyle division to Accor LL is carried out in order to respond more effectively to market trends and offer a better quality of service to all stakeholders. The completion of such contribution will also make it easier to understand the performance of each of the two divisions.

As part of this contribution (hereinafter the "Contribution"), Accor SA will contribute to Accor LL the items listed in section 1.4.1 below.

Accor SA, sole shareholder of Accor LL, will receive, as consideration for its contributions, a number of Accor LL shares determined pursuant to a contractually agreed exchange ratio.

1.2. Presentation of the relevant companies and ties between them

1.2.1 Beneficiary company

Accor Luxury and Lifestyle is a French *société par actions simplifiée* (simplified joint stock company) incorporated on December 15, 2022.

It is registered with the Nanterre Trade and Companies Register under number 922 496 187. Its shares are 100% owned by Accor SA.

As at the date of this report, Accor LL's share capital is equal to 2,834,261 euros, divided into 2,834,261 shares of the same class, each with a par value of one euro.

Accor LL's share capital was increased in October 2023 as part of the contribution of the following items :

- 1,166,666 bonds redeemable in class 1 preference shares issued by Potel et Chabot, a French *société par actions simplifiée* registered with the Paris Trade and Companies Register under number 552 043 754;
- 701,113,820 ordinary shares issued by Financière Louis, a French *société par actions simplifiée* registered with the Paris Trade and Companies Register under number 500 015 607;

- 75,808,344 bonds redeemable in class 2 preferred shares issued by Financière Louis; and
- 15,650,501 bonds redeemable in class 1 preference shares issued by Financière Louis.

Accor LL's corporate purpose, in France and in all other countries, either for its own account, on behalf of third parties, or jointly with third parties, is:

- the ownership, financing and operation, directly, indirectly, or as agent, of all hotels, temporary accommodation, restaurants and bars of any nature and category, and more generally, of any establishment related to lodging, food, tourism, leisure and services;
- the economic, financial and technical study of projects and, in general, all services related to the construction, organization and operation of the establishments defined above and, in particular, all acts contributing to the construction of these establishments and all related consultancy acts;
- the marketing, promotion and distribution, including digital, of hotels, temporary accommodation, restaurants and bars of any nature and category, and more generally of all establishments related to lodging, temporary accommodation, food, tourism, leisure and services;
- the creation of any new company and the acquisition of shares by any means in any company, whatever its corporate purpose;
- more generally, the Company's corporate purpose is to carry out, directly or indirectly, all transactions of any kind, whether legal, economic or financial, involving real or personal property, civil or commercial, which may be connected, directly or indirectly, on its own behalf or on behalf of third parties, either alone or with third parties, with this corporate purpose or with any similar, related or complementary purposes likely to promote its development.

1.2.2 Contributing company

Accor SA is a French *société anonyme* (limited company) with a Board of Directors, incorporated on July 4, 1983. It is registered in the Nanterre Trade and Companies Register under number 602 036 444.

Accor SA's share capital is equal to 727,098,372 euros and is divided into 242,366,124 shares with a par value of three euros each.

Its shares are listed on Euronext Paris and on the OTC market in the USA.

The corporate purpose of Accor SA, either for its own account, on behalf of third parties, or jointly with third parties, is:

- the ownership, financing and operation, directly, indirectly, or as agent, of all hotels, temporary accommodation, restaurants and bars of any nature and

category, and more generally, of any establishment related to lodging, food, tourism, leisure and services;

- the economic, financial and technical study of projects and, in general, all services related to the construction, organization and operation of the establishments defined above and, in particular, all acts contributing to the construction of these establishments and all related consultancy acts;
- the marketing, promotion and distribution, including digital, of hotels, temporary accommodation, restaurants and bars of any nature and category, and more generally of all establishments related to lodging, temporary accommodation, food, tourism, leisure and services;
- the creation of any new company and the acquisition of shares by any means in any company, whatever its corporate purpose;
- more generally, the Company's corporate purpose is to carry out, directly or indirectly, all transactions of any kind, whether legal, economic or financial, involving real or personal property, civil or commercial, which may be related, directly or indirectly, on its own behalf or on behalf of third parties, either alone or with third parties, to this corporate purpose or to any similar, related or complementary purposes likely to further its development.

1.2.3 Ties between the companies and common corporate officers

Accor SA holds 100% of the capital of Accor LL.

Mr. Sébastien Bazin is Chairman of the Board and Chief Executive Officer of Accor SA and Chairman of Accor LL. Accor SA and Accor LL have no other corporate officers in common.

The Contributor and the Beneficiary entered into a cash management agreement on March 13, 2023, which is still in force as of the date of this report.

1.3. General terms and conditions of the transaction

1.3.1. Key features of the Contribution

The Contribution relates to a stand-alone branch of activity within the meaning of Article 210-B 3° of the French General Tax Code. It is carried out under the French legal regime for demergers resulting from the provisions of Section 2 of Chapter VI of Title III of the French Commercial Code, in accordance with the option provided for under Article L. 236-27 of the French Commercial Code.

The parties have agreed that there will be no joint and several liability between them in respect of the liabilities contributed as part of the Contribution.

1.3.2. Conditions precedent

The completion of the Contribution is subject to the conditions precedent set out in article 5.1 of the draft contribution agreement, in particular the approval of the terms and conditions of the Contribution by the shareholders of Accor SA and the sole shareholder of Accor LL.

1.3.3. Effective date of transaction

The Contribution will take effect retroactively, for accounting and tax purposes, on January 1st, 2024.

1.4. Description and valuation of the Contribution

1.4.1. Description of the Contribution

Accor SA's contribution includes all the assets, rights, liabilities and obligations that constitute the contributed Luxury & Lifestyle business, as such assets, rights, liabilities and obligations will exist on the completion date of the transaction, including :

- a) all industrial property rights, trademarks and patents relating to the Luxe & Lifestyle business, including the following brands: The Purist, MGallery and Emblems;
- b) the employment contracts of the employees linked to, or attached to, the Luxe & Lifestyle business transferred to the Beneficiary under article L. 1224-1 of the French Labor Code as part of the contribution-demerger;
- c) the other intangible assets exclusively related to the Luxury & Lifestyle business, including management and franchise agreements;
- d) the other off-balance sheet commitments ;
- e) all the shares, bonds, and other securities held by the Contributor in the following companies, as detailed on an indicative basis :
 - 10,226,353 shares in SoLuxury HMC, a limited liability company (*société à responsabilité limitée*) having its registered office at 82, rue Henri Farman - 92130 Issy-les-Moulineaux, France, registered with the Trade and Companies Register under number 501 623 748 RCS Nanterre;
 - 7,127,755 shares of FRHI Hotels & Resorts S.à.r.l, a limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg, having its registered office at 8-10 avenue de la gare - L-1610 Luxembourg - Grand Duchy of Luxembourg;
 - 31,878 shares in Accor Management US Inc., a Delaware corporation having its registered office at 137 National Plaza Suite 300, Unit 306 National Harbor, Maryland 20745 USA;
 - 921,481 class A1 shares and 2,155 preference shares in Ennismore Lifestyle Group Limited, a company incorporated under English law, having its registered office at 20 Old Bailey - London EC4M 7AN, United Kingdom;

- 2,906,735 shares and 10,000,000 convertible bonds in Ken Group, a simplified joint stock company (*société par actions simplifiée*) having its registered office at 62, rue Jouffroy d'Abbans - 75017 Paris, registered with the Trade and Companies Register under number 489 723 858 RCS Paris;
- 120,445 shares in Orient Express, simplified joint-stock company (*société par actions simplifiée*) having its registered office at 82, rue Henri Farman - 92130 Issy-les-Moulineaux, France, registered with the Trade and Companies Register under number 519 070 866 RCS Nanterre;
- 35,183,604 shares in KNSA Hotels France, a simplified joint stock company (*société par actions simplifiée*) having its registered office at 24, rue des Capucines, 75002 Paris, registered with the Trade and Companies Register under number 897 693 495 RCS Paris;
- 18,394,744 shares of Segsmhi Lido (Le Lido), simplified joint-stock company (*société par actions simplifiée*) whose registered office is located at 116 bis, avenue des Champs Elysées - 75008 Paris, registered with the Trade and Companies Register under number 662 029 057 RCS Paris;
- 37,263,232 shares in Belle Rivière, a Mauritian company whose registered office is located c/o Safy R Utilis Management Services Ltd, 7th Floor, Tower 1, Nexteracom Cybercity 72201 Ebene, Mauritius, registered in the Trade and Companies Register under number 61772;
- 2,353,674 shares of El Gezira Hotel Tourism Company, a company incorporated under Egyptian law, whose registered office is located at 3 El Thawra Council Zamalek - Postal code 11518- Cairo - El Gezira Building Hotel Sofitel, Egypt ;
- 2,499 shares in Margot Premium Hotels, a general partnership (*société en nom collectif*) whose registered office is located at 2, rue de la Mare Neuve - 91080 Évry-Courcouronnes, registered with the Trade and Companies Register under number 420 863 367 RCS Evry;
- 20,000 shares in Minhal France SA (Hotel Scribe), a limited company (*société anonyme*) having its registered office at 1, rue Scribe - 75009 Paris, registered with the Trade and Companies Register under number 999 990 286 RCS Paris;
- 274,573 shares in Athens Airport Hot.CY, a company incorporated under the laws of Greece, whose registered office is located at c/o Sofitel Athens International Airport 19019 Spata Grece;
- 100 shares of Cavod Ventures, a U.S. limited liability company having its registered office at 7014 13th Street, Suite 202, Brooklyn, NY, 11228;
- 841,156,980 shares in Banyan Tree Holdings Limited, a company incorporated under the laws of Singapore, whose registered office is located at 211, Upper Bukit Timah Road, Singapore (588182), registered under number 200003108H;
- 100 shares in Accor Ghost Kitchen, a Delaware corporation having its registered office at 137 National Plaza Suite 300, Unit 306 National Harbor, Maryland 20745 USA;
- 430 shares in K Challenge Lab, a simplified joint-stock company (*société par actions simplifiée*) having its registered office at 9, rue Pierre Loti - 31700

Blagnac, France, registered with the Trade and Companies Register under number 919 579 912 RCS Lorient.

- f) With regard to Margot Premium Hotels, as the company is a general partnership (*société en nom collectif*), all obligations towards the debts of the company arising from Accor's status as a partner.

On the basis of the financial statements for the year ended December 31, 2023, and taking into account the completion of the Contribution at book value, the value of the assets of the contributed business amounts to 2,984,963,598 euros, allocated as follows:

	Book value as of 12/31/2023
Intangible assets	40 949 249 €
Tangible assets	347 837 €
Financial assets	2 871 159 930 €
Total fixed assets	2 912 457 016 €
Receivables	69 513 063 €
Cash	507 822 €
Prepaid expenses	2 452 332 €
Exchange conversion adjustments	33 365 €
Other assets	72 506 582 €
TOTAL ASSETS CONTRIBUTED	2 984 963 598 €

The liabilities assumed by the Beneficiary include all liabilities and obligations relating to the contributed business as they will exist at the date of completion of the Contribution.

Based on the financial statements for the year ended December 31, 2023, and taking into account the completion of the Contribution at net book value, the contribution value of the liabilities of the contributed business amounts to 262,189,342 euros, allocated as follows:

	Book value as of 12/31/2023
Provisions	55 650 503 €
Financial liabilities	149 498 374 €
Other liabilities	48 870 513 €
Deferred income	8 154 541 €
Exchange conversion adjustments	15 411 €
TOTAL LIABILITIES CONTRIBUTED	262 189 342 €

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Consequently, the net assets contributed by Accor SA to Accor LL amounts to 2,722,774,256 euros, broken down as follows:

	Book value as of 12/31/2023
Total assets contributed	2 984 963 598 €
Total liabilities contributed	262 189 342 €
Net assets contributed	2 722 774 256 €

1.4.2. Contribution assessment

The Contribution will be transcribed on the basis of the net book values in accordance with the French accounting rules (ANC regulation no. 2014-03 dated June 5, 2014 relating to the official accounting plan, as amended by regulations no. 2017-01 of May 5, 2017 and no. 2019-06 of November 8, 2019).

Our assessment of the value of the contribution is the subject of a separate report.

1.5. Consideration for the Contribution

In consideration for the Contribution, the value of which has been determined on the basis of net book values at a total amount of 2,722,774,256 euros, Accor SA will receive 283,476,190 new, fully paid-up shares, with a par value of one euro, created by Accor LL, on the basis of the consideration for the contribution-demerger agreed between the parties under the terms of the contribution agreement signed on 25 April 2024.

As a result of the Contribution, the nominal amount of Accor LL's share capital increase will be 283,476,190 euros.

The difference between the value of the Contribution, *i.e.* 2,722,774,256 euros, and the amount of the capital increase of Accor LL of 283,476,190 euros will constitute a contribution premium of 2,439,298,066 euros.

The contribution premium, on which the existing and new shareholders of the Beneficiary will hold rights, will be recorded as a liability on Accor LL's balance sheet.

2. Assessment of the appropriateness of the relative values attributed to the contributed stand-alone branch of activity and to the shares of the beneficiary company

2.1. Presentation of the consideration agreed by the parties

Under the terms of the contribution agreement signed on 25 April 2024, the parties have contractually set the exchange ratio so that Accor SA will receive 283,476,190 Accor LL shares in consideration for the Contribution.

2.2. Procedures performed by the demerger auditors

The purpose of our engagement is to advise Accor SA, as Contributor, and the sole shareholder of Accor LL, as Beneficiary, on the relative values used to determine the consideration and to assess the fairness of such consideration.

Our engagement corresponds to one of the “other audit engagements” defined by law

and provided for in the conceptual framework of the doctrine of the *Compagnie nationale des commissaires aux comptes*.

Consequently, our engagement does not consist of an audit investigation or of a limited review. The purpose of our engagement is not to express an opinion on the financial statements, nor to perform specific verifications concerning compliance with French corporate law. Nor does it involve validating the tax regime applicable to the transaction.

Furthermore, it cannot be assimilated to a "due diligence" investigation carried out on behalf of a lender or an acquirer, and does not include all of the procedures that would be required for that type of engagement. Our report cannot be used in this context.

Similarly, our work is not equivalent to that of an independent expert appointed by the administrative, management or supervisory body of either of the parties.

We performed the procedures that we considered necessary to comply with the professional guidelines issued by the *Compagnie Nationale des Commissaires aux Comptes* applicable in France to this type of engagement.

In this context, we have in particular:

- Taken notice of the context and purposes of the present contribution of a stand-alone branch of activity;
- Interviewed the persons in charge of the transaction and their advisors, in order to understand the context and the economic, accounting, legal and tax conditions of the transaction;
- Reviewed the draft agreement for the contribution of a stand-alone branch of activity from Accor SA to Accor LL and its schedules;
- Verified that the Contribution corresponds to a stand-alone branch of activity and, in this respect, has the means necessary for its operation, in particular by benefiting from sufficient working capital;
- Verified the reality of the Contribution and assessed the potential impact of factors likely to affect its ownership;
- Reviewed the historical financial information of Accor SA and Accor LL;
- Verified that the statutory auditors issued an unqualified opinion on the financial statements of Accor SA for the year ended December 31, 2023;
- Consulted the legal documents provided to us concerning the corporate history;
- Gained an understating of Accor SA's operations within the beginning of year 2024;
- Reviewed the valuation work carried out by the parties' advisors;
- With respect to the valuation of the contributions, we referred to the procedures we performed to assess the value of the contributions, which are described in our report on the value of the contributed assets;
- Assessed the exchange ratio contractually agreed by the parties.

Lastly, we have obtained a representation letter from the representatives of Accor SA and Accor LL, who have confirmed the material information used for our engagement.

2.3. Comments and observations on the appropriateness of the relative values attributed to the contributed branch of activity and the shares of the beneficiary company

The transaction involves the transfer of a stand-alone branch of activity from Accor SA to Accor LL, of which it is the sole shareholder.

In this context, the contractual determination of an exchange ratio between the parties is not likely to affect the fairness of the consideration for them.

The method used to determine the exchange ratio calls for no further comment on our part.

3. Assessment of the fairness of the proposed consideration

The parties have contractually set the exchange ratio so that the number of shares to be issued by Accor LL amounts to 283,476,180 shares, in consideration for the Contribution.

3.1. Procedures performed by the demerger auditors

We have performed the procedures that we considered necessary in accordance with professional guidelines issued by the *Compagnie Nationale des Commissaires aux Comptes* to assess the fairness of the consideration for the contributions.

In particular, we relied on the work described above, which we performed in order to verify the appropriateness of the relative values attributed to the contributed branch of activity and to the shares of the beneficiary company.

3.2. Assessing the fairness of the proposed consideration

As indicated above, we did not identify any factor that would be likely to affect the fairness of the proposed consideration, given that the transaction involves the contribution of a stand-alone branch of activity from Accor SA to Accor LL, of which it is the sole shareholder.

4. Summary - key points

This transaction is part of a reorganization of the Accor group around two operational divisions, including the Luxury & Lifestyle division, in order to respond more effectively to market trends, offer better quality of service to all stakeholders, and provide a clearer picture of performances.

The proposed consideration was contractually agreed between Accor SA and Accor LL, of which it is the sole shareholder.

We have no specific comments to make on the method used to determine the consideration agreed between the parties.

As a result, based on our procedures, we did not identify anything that would be likely to affect the fairness of the proposed consideration.

4. Conclusion

Based on our procedures and as of the date of this report, in our opinion the proposed consideration agreed by the parties for the Contribution made by Accor SA, resulting in the issuance of 283,476,190 Accor LL shares, is fair.

Paris, 25 April 2024

The demerger auditors

Didier KLING

Jean-Noël MUNOZ