

Accor Group 2013 Annual Shareholders Meeting Answers to Written Questions

Questions from Mr. Gonthier

1. For asset light operating structures, you mention “management” contracts as opposed to franchise agreements. Could you explain what is covered by this term? What does Accor do and which tasks are transferred to a partner? How is it different from a franchise agreement?

- Franchise and management operating structures are considered asset light because revenue consists of fees paid by the owner to Accor for the use of the brand, the distribution system and other services provided to owners by the Group.
- Unlike a franchise agreement, where the owner gets to use the Accor brand and distribution network in exchange for a fee equal to 5-6% of accommodation revenue, under management contracts Accor also runs the hotel.
- Management contracts are particularly suited to upscale or very large hotels, which are more complicated to manage. This operating structure is also favored in emerging markets where it is important for Accor to provide its expertise.
- Franchise agreements are more suited to smaller hotels in the economy segment, primarily in Europe, which are easier to manage.

2. Can you tell us the value of Accor's real estate portfolio in 2012 and now? You said during a results presentation that you were aiming to have a debt-free balance sheet following the sale of hotel properties. However, at December 31, 2012, you still had €1,799 million of non-current liabilities for €2,759 million in equity.

You are selling hotel properties, including Motel 6, but debt is not being significantly reduced; you indicated a €606 million impact on adjusted net debt in 2012, but non-current liabilities fell by just €60 million in the year from €1,850 million at December 31, 2011 to €1,799 million at December 31, 2012. Can you offer any explanation for this?

- At December 31, 2012, property, plant and equipment, including the Group's real estate portfolio, amounted to €2.6 billion. I would remind you that we are not planning to sell the entire portfolio, and that for our 2016 strategic vision, we are aiming for 40% franchise agreements, 40% management contracts, and 20% owned and leased hotels.
- At the time of the demerger with Edenred in 2010, we set a target of zero net debt. We hit this target at the end of 2011, with net debt of €226 million and a gearing ratio of 6%.
- Having zero net debt is not an optimal situation from a financial standpoint. In 2012 and 2013, we took advantage of favorable bond market conditions to retire two bond issues at rates of 6.5% and 7.5% that were due in 2013 and 2014. In this way, we are optimizing our balance sheet structure.
- Concerning sales of hotel properties, the impact on the Group's debt breaks down into two separate components: the cash impact, linked to the disposal of the asset, and the impact on lease commitments. Lease commitments are taken into account for the calculation of the adjusted funds from operations (FFO)/adjusted net debt ratio used by rating agencies. They are off-balance sheet commitments, and reducing them improves the ratio, which is used internally to determine the strategy for using and redistributing cash.

3. Following the sale of Motel 6, the Group now only has a residual presence in North America. Because many of your major competitors are American and therefore have a longstanding presence there, would merging with one of these groups be a good idea in your opinion?

- We now only have hotels in the midscale and upscale segments in North America. Our portfolio for these segments can be further expanded, especially for Sofitel.
- For the moment, we are concentrating on expanding in emerging markets, which are high growth regions with significant potential for our brands. Our priority is to strengthen our leadership in these regions.

Written questions from IPAC (Initiative Pour un Actionnariat Citoyen)

4. How have employee numbers changed in France over the last three years?

The changes in Accor's workforce since 2010 are shown below:

- 2010: 16,044
- 2011: 15,001
- 2012: 14,474

5. In terms of human resources planning and development, what is 2013 set to bring for the Group in France?

- **For hotels**, no changes in employee numbers are planned for 2013. In order to effectively support employees in the event that their hotel is sold, an agreement signed with the trade unions in 2009 and improved by an addendum signed in 2010, deals with such issues as:
 - Procedures for informing employee representatives.
 - Procedures for informing employees.
 - Individual support and the right for employees to apply for vacant positions within the organization and maintain their seniority if they transfer back to a subsidiary.
 - The impact of divestment on general terms and conditions of employment and the retention of individual benefits.
- **For the Accor SA and SMI head offices**, a voluntary redundancy program is being negotiated with employee representatives.

6. What measures has the Group planned to support young people without qualifications, given the worrying unemployment rate for this group?

We have launched several initiatives in this area. They include:

- Adapted training programs, supported by the European Léonardo program, allowing young people whatever their initial level of education to perfect their English with a nine week immersion in our hotels in the United Kingdom, before adding experience of working on a reception desk to their CFA training certificate.
- Disabled youth training schemes in several locations including the Centre Mathis in Saint Gaudens and the Belliard hotel school: participation in work projects, internships and training from tutors.

Here are two recent examples of projects (April 2013):

- We met with over 100 young people to offer guidance for continuing education or job opportunities at Accor.
- A day for young people at 2nd chance schools in the Ile de France region was held at the Mercure Tour Eiffel. Accor invited Sodexo, Elior and Flo to talk about training and job possibilities.

7. What are the Group's commitments and systems for dealing with internal reorganization programs that could affect jobs?

For the head offices, a voluntary redundancy program is being negotiated with employee representatives, as previously announced.