



# ACCORHOTELS

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Press Release

Paris, December 9, 2015

## AccorHotels to acquire three iconic hotel brands - Fairmont, Raffles and Swissôtel

*A strategic deal to create a worldwide leader in the luxury segment*





- An unrivalled collection of iconic hotel assets with 155 hotels and resorts, of which 40 are under development
- Acquisition to provide AccorHotels with robust and global leadership in luxury hotels, a key segment in terms of geographic reach, growth potential and profitability, for long-term value creation
- FRHI's unrivalled hotel portfolio, expertise in marketing luxury hotels and sizeable footprint in North America, provide a stronger platform to continue aggressive worldwide expansion.
- AccorHotels will pay for the acquisition by issuing 46.7 million new Accor shares and a cash payment of \$840 million (€768 million) - Qatar Investment Authority and Kingdom Holding Company of Saudi Arabia are to become major shareholders, with 10.5% and 5.8% of the share capital\* respectively
- Transaction will be accretive to earnings per share from the second year with €65 million in revenue and cost synergies identified in the medium term

AccorHotels today announces the signing of an agreement with the Qatar Investment Authority (QIA), Kingdom Holding Company (KHC) of Saudi Arabia and Oxford Properties, an Ontario Municipal Employees Retirement System (OMERS) company for the acquisition of FRHI Holdings Ltd (FRHI), parent of Fairmont, Raffles, and Swissôtel.

*“This is an outstanding opportunity to add three prestigious brands - Fairmont, Raffles and Swissôtel - to our portfolio, and a great step forward for AccorHotels. It offers us robust and global leadership in luxury hotels, a key segment in terms of geographic reach, growth potential and profitability, for long term value creation. In addition, the deal allows us to strengthen our human capital with FRHI's widely respected and talented global workforce which has a proven track record in operating and marketing luxury hotels. The transaction will also enable the Group to consolidate its shareholder base, with the arrival of two high-profile investors that both have extensive expertise in the hospitality industry. This major acquisition demonstrates the Group's agility in a fast-changing industry and will allow us to more effectively support our guests, clients and hotel owners. Through it, we are positioning ourselves as a key player in the current industry consolidation process while maintaining substantial leeway to implement our transformation plan,”* said Sébastien Bazin, Chairman and Chief Executive Officer of AccorHotels.

His Excellency Sheikh Abdulla Bin Mohammed Bin Saud Al-Thani, CEO of Qatar Investment Authority, said: *“Since making our investment, Fairmont Raffles Hotels International has become a leading luxury hotel company with an expanded international presence. This deal generates the scale needed to drive the next phase of growth in our real estate and hospitality investments. QIA has confidence in AccorHotels and looks forward to becoming a significant shareholder.”*

FRHI includes three of the most prestigious global luxury hotel brands: Raffles, Fairmont and Swissôtel. It has 155 hotels and resorts (of which 40 are under development), and more than 56,000 rooms (of which approximately 13,000 are under development). Its portfolio includes such legendary properties as Raffles Singapore, The Savoy in London, Shanghai's Fairmont Peace Hotel, The Plaza Hotel in New York,



Le Royal Monceau - Raffles Paris, Fairmont San Francisco, Fairmont Banff Springs (Canada), Fairmont Le Château Frontenac in Quebec, the Fairmont Grand Del Mar in San Diego, and Swissôtel The Stamford in Singapore. FRHI has more than 45,000 employees under its brands.

FRHI's hotels and resorts span 34 countries across five continents, with 42 properties in North America, 2 in South America, 26 in Europe, 17 in Africa/Middle East and 28 in Asia-Pacific. They are located in the world's major tourist destinations, particularly in the United States, the leading outbound travel market. The vast majority of hotels (108) are operated under very long-term management contracts, with average remaining terms of nearly 30 years; six hotels are leased and one hotel is owned.

The acquisition of these three global brands will strategically enhance AccorHotels' brand portfolio, and will provide AccorHotels with a better-balanced business profile. The integration of Raffles, Fairmont and Swissôtel will broaden the Group's geographic footprint in the luxury segment, and enable it to optimize its luxury and upscale brands in order to adapt its offering to the expectations of an increasingly demanding clientele.

With nearly 500 luxury and upscale properties, AccorHotels will become one of the key global players in this segment and will be able to offer the most profitable management contracts and the best growth potential in many markets. FRHI teams will bolster AccorHotels' expertise in the luxury segment and provide the Group with new ambitions, through targeted, value-creative expansion.

AccorHotels aims to generate around €65 million in revenue and cost synergies thanks to the combination of brands, the maximization of hotel earnings, the increased efficiency of marketing, sales and distribution channel initiatives, and the optimization of support costs. Significant improvements will also be made in terms of customer data, thanks to the integration of a customer base including 3 million loyalty members, of which 75% are North Americans. The transaction will be accretive on earnings per share from the second year, with synergies fully effective by the third year.

The agreement with Qatar Investment Authority and Kingdom Holding Company of Saudi Arabia provides for the cash payment of \$840 million (€768 million at the current exchange rate) and the issuance of 46.7 million Accor shares. These shares will be issued via a reserved capital increase, subject to the approval of shareholders at an Extraordinary Shareholders' Meeting. The transaction will leave QIA and KHC respective stakes of 10.5% and 5.8% in Accor's share capital. Two representatives of QIA and one representative of KHC will be appointed to the Accor Board of Directors.\*

This transaction is subject to the regulatory approvals of the antitrust authorities. Rothschild and Zaoui & Co are acting as financial advisors and Darrois Villey Maillot Brochier and Proskauer Rose LLP are acting as legal advisors to AccorHotels on this transaction. Deutsche Bank Securities Inc. and Morgan Stanley & Co. LLC are acting as financial advisors and McCarthy Tetrault LLP and White & Case LLP are acting as legal advisors to FRHI on this transaction.

\* Subject to the approval of shareholders at an Extraordinary Shareholders' Meeting



#### ABOUT ACCORHOTELS

AccorHotels is a Group united by a shared passion for hospitality and driven by a shared promise to make everyone Feel Welcome.

Over 180,000 women and men in nearly 3,800 AccorHotels properties look after thousands of guests every day in 92 countries.

AccorHotels is the world's leading hotel operator and offers its customers, partners and employees:

- its dual expertise as a hotel operator and franchisor (HotelServices) and a hotel owner and investor (HotelInvest);
- a large portfolio of internationally renowned brands covering the full spectrum, with luxury (Sofitel, Pullman, MGallery, Grand Mercure, The Sebel), midscale (Novotel, Suite Novotel, Mercure, Adagio) and economy (ibis, ibis Styles, ibis budget, adagio access and hotelF1) properties;
- the strength of its marketplace and its Le Club AccorHotels loyalty program;
- almost half a century of commitment to corporate citizenship and solidarity with the PLANET 21 program.

Accor SA shares are listed on the Euronext Paris stock exchange (ISIN code: FR0000120404) and traded in the USA on the OTC market (Code: ACRFY)

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