

Press release
Paris, June 29, 2018

AccorHotels and sbe Entertainment Group Announce Strategic Partnership

AccorHotels Agrees to Acquire 50% in sbe



Image: sbe corporate office - Los Angeles California

AccorHotels and sbe Entertainment Group ("sbe") have signed a Letter of Intent and entered into exclusive negotiations for AccorHotels to acquire a 50% stake in sbe, further illustrating AccorHotels's strategy to expand its offering in the luxury lifestyle hospitality segment.

This partnership will combine the expertise and savoir-faire of the two groups; AccorHotels will acquire the 50% of sbe's common equity held in part by Cain International for \$125 million. Sam Nazarian will continue to own the remaining 50% of sbe. In addition, AccorHotels will invest \$194 million in a new preferred debt instrument that will be used to redeem all existing preferred units, also held in part by Cain International. AccorHotels' total investment in sbe will be \$319 million.

This long-term investment will allow sbe to leverage AccorHotels' leading global hospitality platform while remaining an independent luxury lifestyle operator. Sbe will continue to be led by its Founder and CEO Sam Nazarian as well as its expert management team while retaining its global headquarters in New York.



Sam Nazarian, Founder and CEO of sbe: *“This partnership with AccorHotels marks a new milestone in sbe’s history. This long-term investment by AccorHotels provides sbe, its customers and hotel owners with greater depth and breadth around the world and supports our collective ambition to be the best lifestyle hospitality company in the market. Building on our acquisition of Morgans Hotel Group in 2016, this investment will further accelerate our growth both domestically in the United States and in new markets internationally, particularly in Europe. Myself and the over 7,000 associates at sbe are thrilled and honored to partner with AccorHotels and be part of the amazing, innovative and pioneering culture that my dear friend, Chairman and CEO Sébastien Bazin and his team have implemented. Moving forward, sbe and AccorHotels together are committed to bringing our unique lifestyle experiential offering to more destinations and serving our discerning guests with unforgettable memories.”*

Sébastien Bazin, Chairman & CEO, AccorHotels: *“I am delighted to announce this strategic partnership with one of the most innovative Groups in the luxury lifestyle space worldwide. It marks a new step in expanding AccorHotels’ footprint in this fast growing segment in key US cities such as Miami, Los Angeles or Las Vegas, and in other international destinations. “The new luxury” is all about exclusive experiences and incredible lifestyle concepts and sbe brands have the perfect know-how that will complete perfectly the AccorHotels portfolio. We remain committed to providing all our guests with unparalleled service and always renewed experiences around the world”.*

Jonathan Goldstein, Chief Executive of Cain International, commented: *“Cain International became partners to sbe in 2016 providing the investment required at that time to enable the group to expand its footprint of some of the leading luxury lifestyle hospitality assets in the world. We are confident that sbe will continue to go from strength to strength with its new partners, AccorHotels; we wish them every success in the future and are proud of the role we have played in their exciting growth story.”*

Founded in 2002 by Sam Nazarian, sbe is a leading lifestyle hospitality company that develops, manages and operates award-winning global properties and brands. It is renowned for its unique 360-degree approach to lifestyle hospitality that includes branded luxury residences and serviced apartments, wellness and spa platforms and dining & entertainment experiences.

sbe’s leading hospitality and residential brands include SLS, Delano, Mondrian, Hyde, The Originals (Sanderson, St. Martin Lane, Hudson, 10 Karakoy, Shore Club) and the Redbury Hotels. Through its Disruptive Restaurant Group platform, sbe has created global award-winning culinary brands Katsuya, Umami Burger, Cleo, Leynia, Diez & Siez and Filia and innovative entertainment brands including Hyde nightclub and dayclub, Nightingale, Privilege dayclub Black Orchid, S Bar, Skybar and the Doheny Room. Landmark destinations in its portfolio include, Delano South Beach in Miami, SLS Baha Mar in the Bahamas, Mondrian Doha in Qatar, Hyde Bellagio in Las Vegas, Mondrian Park Avenue in New York City and the newly-opened 57 story SLS LUX Brickell in Miami. Upcoming opening includes Delano Rio de Janeiro, Delano Dubai at the Palm and Hyde Midtown in Miami.



Through this investment, sbe will accelerate its international growth with expansion into new markets outside of the US, including priority growth markets in the Middle East and Latin America. sbe's pipeline includes projects in some of the most important global gateway cities such as Atlanta, Chicago, Washington D.C., Dubai, Rio de Janeiro, Mexico City, Cancun, Tokyo and Los Cabos.

By the end of 2018 sbe will operate 25 hotels, comprising 7,498 keys with a majority in North America, 170 award winning restaurants and entertainment venues in global destinations as well as new properties in the Middle East, Asia and Latin America. It currently has a further 20 hotels and residences around the world in its pipeline, as well as 59 standalone restaurants and nightlife venues. In addition, sbe has sold 1,500 branded residential units valued at \$2 billion with over 2,500 units valued at \$2.5 billion in its pipeline.

Through this partnership, AccorHotels will expand its current geographic footprint in gateway North American cities such as Los Angeles, Miami, Las Vegas and New York with iconic hotels. Additionally, sbe's core millennial customer base will gain access to the AccorHotels platform.

With its global hotel development platform and presence in 100 countries, AccorHotels will play a key role in developing sbe's luxury lifestyle hotel, restaurant and entertainment brands globally. sbe hotels will also be distributed on the AccorHotels distribution platform, be featured on Accorhotels.com and will be part of the AccorHotels loyalty programme.

The transaction is subject to regulatory approvals. It should be completed by July 31, 2018

ABOUT SBE

Established in 2002 by Founder and CEO Sam Nazarian, **sbe** is a privately-held, leading lifestyle hospitality company that develops, manages and operates award-winning hotels, residences, restaurants and nightclubs. Through exclusive partnerships with cultural visionaries, **sbe** is devoted to creating extraordinary experiences throughout its proprietary brands with a commitment to authenticity, sophistication, mastery and innovation. Following the acquisition of Morgans Hotel Group, the pioneer of boutique lifestyle hotels, in partnership with The Yucaipa Companies and Cain International (formerly Cain Hoy), **sbe** has an unparalleled global portfolio which will see 25 hotels and over 170 global world-renowned culinary, nightlife and entertainment venues by the end of 2018. The company is uniquely positioned to offer a complete lifestyle experience - from nightlife, food & beverage and entertainment to hotels and residences, and through its innovative customer loyalty and rewards program, The Code, as well as its award-winning international real estate development subsidiary, Dakota Development - all of which solidify **sbe** as the preeminent leader across hospitality. The company's established and upcoming hotel brands include SLS Hotel & Residences, Delano, Mondrian, The Redbury, Hyde Hotel & Residences, and The Originals. In addition, **sbe** has the following internationally acclaimed restaurants and lounges under subsidiary Disruptive Restaurant Group: Katsuya by Chef Katsuya Uechi, Umami Burger, Cleo by Chef Danny Elmaleh, Fi'lia by Michael Schwartz, Leynia and Diez & Seiz by Chef José Icardi, Hyde Lounge, S Bar, Doheny Room Skybar, Bond, and Privilege. To learn more, visit sbe.com

ABOUT ACCORHOTELS

AccorHotels is a world-leading travel & lifestyle group and digital innovator offering unique experiences in more than 4,300 hotels, resorts and residences across 100 different countries.

With an unrivaled portfolio of internationally renowned hotel brands encompassing the entire range from luxury to economy, from upscale to lifestyle and midscale brands, AccorHotels has been providing savoir-faire and expertise for more than 50 years.

In addition to its core hospitality business, AccorHotels has successfully expanded its range of services, becoming the world leader in luxury private residence rental with more than 10,000 stunning properties around the world. The Group is also active in the fields of concierge services, co-working, dining, events management and digital solutions.

Relying on its global team of more than 250,000 dedicated staff, AccorHotels is committed to fulfilling its primary mission: to make every guest Feel Welcome. Guests have access to one of the world's most attractive hotel loyalty programs - Le Club AccorHotels.

AccorHotels plays an active role in its local communities and is committed to promoting sustainable development and solidarity through PLANET 21 Acting Here, a comprehensive program that brings together employees, guests and partners to drive sustainable growth.

From 2008, the AccorHotels Solidarity Endowment Fund has acted as a natural extension of the Group's activities and values, helping to combat the social and financial exclusion experienced by the most disadvantaged members of society.

Accor SA is publicly listed on the Euronext Paris Stock Exchange (ISIN code: FR0000120404) and on the OTC Market (Ticker: ACRFY) in the United States. For more information or to make a reservation, please visit accorhotels.group or accorhotels.com. Or join and follow us on Twitter and Facebook.

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