

Results for the full-year ending 30 September 2016

Paris, 23 November 2016

This press release presents consolidated earnings established under IFRS accounting rules, currently being audited and closed by Pierre et Vacances SA Board of Directors on 22 November 2016.

- Current operating income up 52%¹, benefiting from robust growth in the contribution from tourism activities (x 4).
- Cash generation of almost €50 million.

I. Main events during 2015/2016

Financial structure

Refinancing

On 14 March 2016, the Pierre & Vacances-Center Parcs Group signed with its bank partners a new revolving credit line of €200m, refinancing the syndicated loan due to mature in 2019 ahead of schedule.

This operation provided the Group a confirmed credit line, reimbursable on maturity, of a higher amount than that remaining on the previous amortisable syndicated loan (€142.5 million on 30 September 2016) and at a lower rate. Maturity has been extended to 2021, later than maturity on the ORNANE bonds due in 2019.

First bond issue on the European private placement market

On 19 July 2016, the Pierre & Vacances-Center Parcs Group issued bonds in the form of an unlisted Euro PP private placement. The €60 million issue is due to mature in December 2022, has a coupon of 4.25% and was subscribed by French institutional investors.

This operation enabled the Group to optimise its financial structure by staggering its debts and diversifying financing sources.

Strategic partnership with HNA Tourism Group

On 30 March 2016, Chinese group, HNA Tourism subscribed to a reserved rights issue representing 10% of the capital of Pierre et Vacances SA post-operation or 980,172 new shares at a unit price of €25.18. Following this operation, S.I.T.I., the holding company controlled by Gérard BREMOND, owns 39.83% of the capital and 56.42% of the voting rights of Pierre et Vacances SA².

The stake taken by HNA Tourism Group in the capital of Pierre et Vacances SA comes under the framework of the partnership agreements signed on 6 November 2015, aimed at developing tourism destinations in China adapted from the Center Parcs and Pierre & Vacances concepts.

¹ The income statement items commented on in this press release stem from operating reporting, with the presentation of joint ventures under proportional integration.

² Based on capital prior to the operation made up of 8,821,551 shares representing 12,856,840 voting rights (data on 29 February 2016).

Progress in development projects

The Pierre & Vacances-Center Parcs and HNA Tourism Groups signed letters of intent, on 4 July 2016, for the acquisition of three plots of land located near Shanghai and Beijing, and on 18 November 2016 for an additional land on the seaside in the South of China.

At the same time, agreements were concluded with three major Chinese retailers, Ctrip, Caissa, and Tuniu.com. As such, 15 French destinations belonging to Pierre & Vacances, Center Parcs and Adagio are to be marketed to Chinese tourists. The first tourism reservations have since been made.

Acquisitions

Acquisition of "La France du Nord au Sud"

On 27 April 2016, the Pierre et Vacances-Center Parcs Group announced the acquisition of "La France du Nord au Sud", a recognised player in the online distribution of holiday rentals in France and Spain.

The integration of this company should enable Maeva.com (online distribution platform and rental management for third parties) to accelerate its ramp-up by multiplying its tourism offering by 10 and provide a global portfolio of 25,000 accommodation units (tourism residences, holiday villages, homes, villas, campsites, chalets, hotels, apartments belong to individuals). By 2020, Maeva.com aims to distribute 50,000 references.

By providing a unique and fully integrated offering in the management of apartments and homes, optimised marketing and onsite operation, Maeva.com is positioning itself as a top-notch player in the B2C and C2C holiday rental markets.

Center Parcs development projects

Financing of the extension of the sixth German Center Parcs in Allgäu (Baden Württemberg)

Under the framework of the European diversification of its real-estate investment trusts, on 11 March 2016, the "La Française" Group acquired 250 cottages at the future German Center Parcs in Allgäu, as well as the accompanying leisure facilities.

This acquisition rounds out that of the Eurosic Group in November 2015, for 750 cottages and the central recreational facilities at the domain.

The domain is due to open at the end of 2018.

Development projects in Spain

In December 2015, Eurosic's Spanish subsidiary signed a framework agreement with the Pierre & Vacances-Center Parcs Group to acquire tourism sites, entrust their operation to the Pierre & Vacances-Center Parcs Group and then sell them on to individual customers.

As part of this agreement, in early April, the Pierre & Vacances-Center Parcs Group sold 166 apartments that it owned at the Manilva site.

II. Revenue and income for the full-year 2015/2016 (1 October 2015 to 30 September 2016)

IFRS 11 "Joint Arrangements", implies the consolidation of joint operations by the equity method and no longer by proportional integration (Adagio and Villages Nature partnerships primarily). For its operating reporting, the Group continues to integrate joint operations under the proportional integration method, considering that this presentation is a better reflection of its performance. The income statement items and sales indicators commented on below stem from operating reporting. The reconciliation tables with IFRS income statements are set out in paragraph IV.

A. Revenue

Euro millions	2015/2016	2014/2015	Evolutions	Evolution on a same-structure basis (*)	Accommodation turnover evolution excluding stock effects (**)
Tourism	1,253.4	1,180.7	+6.2%	+5.0%	
- Pierre & Vacances Tourisme Europe	609.4	594.5	+2.5%	+0.3%	
- Center Parcs Europe	644.0	586.2	+9.9%	+9.9%	
<i>o/w accommodation turnover</i>	811.4	779.9	+4.0%		+2.5%
<i>excluding Adagio</i>			+6.6%		+5.1%
- Pierre & Vacances Tourisme Europe	392.5	401.6	-2.3%		-0.3%
<i>excluding Adagio</i>			+0.3%		+5.8%
- Center Parcs Europe	419.0	378.3	+10.8%		+4.7%
Property development	170.8	255.6	-33.2%		
Total Full Year	1,424.2	1,436.3	-0.8%	-1.7%	

*Adjusted for the impact of the acquisition on 13 April 2016 of "La France du Nord au Sud", a recognised player in the online distribution of holiday rentals in France and Spain.

** Adjusted for the impact on accommodation revenue:

- of the net reduction in the network operated in the PVTE division, due to the non-renewal of leases and withdrawals from loss-making sites,
- the opening of the Center Parcs Bois aux Daims domain (as of July 2015)

- **Revenue from the tourism business totalled €1,253.4 million, up 6.2% (+5% same structure basis) relative to the year-earlier period, in a French backdrop nevertheless affected by terrorist threats and attacks.**

Accommodation revenue rose 4.0% (vs. +2.2% in 2014/2015), driven by an increase in net average letting rates (+2.9%) and the number of nights sold (+1.1%). Adjusted for supply effects and Adagio, revenue growth totalled 5.1%.

International customers accounted for 54% of the Group's accommodation revenue, up 3.4% relative to the previous year (vs. +4.8% for French customers).

- **Pierre & Vacances Tourisme Europe** generated revenue of €609.4 million, including €392.5 million in accommodation revenue.

All destinations contributed to revenue growth except for city residences, with a 5.8% increase excluding supply effects: +4.9% at seaside destinations, benefiting from robust growth at Spanish residences, +6.6% in mountain residences and +10.3% for villages in the French West Indies. In contrast, the city residence business suffered over the year from the impact of the terrorist attacks in Paris and Brussels (6.7% decline in revenue over the brand's entire scope).

- **Center Parcs Europe** generated turnover of €644.0 million, including €419.0 million in accommodation revenue, up 4.7% excluding the Domaine du Bois aux Daims (which contributed €22.8 million to accommodation revenue). This growth was driven by the Center Parcs domains located in the Netherlands, Germany and Belgium (+6.8%) and slight growth in the French domains (+0.5%).

Supplementary income rose by 10.3%, benefiting in particular from the integration of the "La France du Nord au Sud" business (€15.2 million over the period). On a same-structure basis, growth stood at **6.8%**, with good performances by leisure and catering activities in the Center Parcs domains and Pierre & Vacances marketing mandates.

- **Property development revenue totalled €170.8 million, in line with forecasts for the phasing of property development programmes.**

Property development revenue was primarily driven by the contribution from Villages Nature (€20.6 million), the sale of the Manilva site to Eurosic (€20.3 million), the extension of the Domaine des Trois Forêts in Moselle-Lorraine (€15.4 million) and the Seniorales residences (€64.2 million). In 2014/2015, property development revenue included a significant contribution of €110 million from the Center Parcs Domaine du Bois aux Daims, delivered in July 2015.

Property reservations by individual investors over the year represented revenue of €329 million (1,491 units), a sharp increase on the year-earlier level (€218 million for 1,109 units). This was driven by the success of Villages Nature as well as the development of sales to individuals of Center Parcs cottages in the Dutch and German markets.

B. Income

<i>Euro millions</i>	2015/2016	2014/2015 adjusted ⁽¹⁾
Revenue	1,424.2	1,436.3
Current operating income	32.4	21.3
<i>Tourism</i>	25.1	6.2
<i>Property Development</i>	7.3	15.1
Financial expenses	-18.8	-18.3
Current income before taxes	13.6	3.0
Other operating income / (expense) net of tax	-6.1	-3.8
<i>of which cost of early redemption of the syndicated loan</i>	-1.1	
Share of net profit in joint-ventures	0.6	0.3
Taxes	-9.8	-12.1
Net income before the change in the fair value of ORNANE	-1.8	-12.6
Change in the fair value of ORNANE	-5.7	1.2
Net income	-7.5	-11.4
<i>Attributable to the owners of the Company</i>	-7.4	-11.5
<i>Non-controlling interests</i>	-0.1	0.1

(1) Adjusted for the impact of the IFRIC 21 interpretation on the audiovisual licence fee paid by the Group (+€0.1m on earnings).

Current operating income: €32.4 million, or a 52% increase

- Current operating income from the tourism businesses totalled €25.1 million, showing a hefty €19 million increase on the year-earlier period.

The amount reflected growth in revenue excluding supply effects (+€17 million), the positive impact on the net contribution from the reduction in stocks at Pierre & Vacances Tourisme Europe under the framework of lease renewals (+€7 million) and the operation/annualisation of business from the new residences and domains (+€4 million). These gains were higher than the impact of inflation on costs (estimated at -€9 million).

- Current operating income from property development activities totalled €7.3 million (compared with €15.1 million in 2014/2015), due in particular to revenue evolution.

This pointed to a margin of 6% of revenue adjusted for the impact of the sale to Eurosic of the Pierre & Vacances residence in Manilva in Spain for €20.3 million, generating a capital loss on disposal of -€1.7 million.

In all, current operating income rose by 52% to €32.4 million.

Net income:

- Other operating income and expense net of tax primarily included the following non-recurring items:
 - €4.3 million in restructuring costs and closures of loss-making sites.
 - €1.1 million in costs for the early redemption of the syndicated loan set up in February 2014.
- Before taking into account the change in fair value of the ORNANE bond share allocation right (€5.7 million expense), **net income stood at - €1.8 million, an 86% improvement relative to the year-earlier period** (-€12.6 million).

C. Net debt

<i>Euro millions</i>	09/30/2016	09/30/2015	Evolution
Gross debt	294.3	270.5	+ 23.8
Cash and cash equivalents (net of credit balances / drawn revolving)	-87.4	-39.6	- 47.8
Net debt	206.9	230.9	- 24.0
<i>including net bank debt</i>	103.4	125.2	- 21.8
<i>including rental commitments - Ailette facilities</i>	103.5	105.7	- 2.2

The Group's net debt was down by €24.0 million relative to the previous year, benefiting in particular from growth in tourism operating performances and the entry of Chinese group HNA Tourism into the capital of Pierre et Vacances SA.

The net cash position stood at €87.4 million, up by almost €50 million relative to 30 September 2015.

This debt reduction helped improve the net banking debt/equity ratio, which stood at 27% on 30 September 2016 vs. 34% on 30 September 2015.

<i>Euro millions</i>	09/30/2016	09/30/2015 (*)
Net bank debt	103.4	125.2
Equity	378.9	364.2
Net bank debt / Equity	27%	34%

(*) Adjusted for the impact of the IFRIC21 interpretation on the audiovisual licence fee

III. Outlook

A. Tourism reservations to date

In view of the portfolio of reservations to date, revenue in the tourism businesses should grow during Q1 2016/2017, driven by business at all of the Center Parcs destinations and healthy performances from the seaside destinations in France and Spain, for Pierre & Vacances Tourisme Europe.

B. Events after closing

Development projects at the Plagne Aime 2000 station

Pierre & Vacances, as planner, developer and operator, and architects Wilmotte & Associés, have been chosen to develop a New Tourism Unit to create the fifth generation resort at the Plagne Aime 2000 site.

This project breaks down into three tranches:

- A Pierre & Vacances Premium residence with 120 apartments, with upscale services and leisure areas (swimming pool, solarium etc.).
- A Pierre & Vacances Family residence with 370 apartments, a water park, a shopping mall, seminar rooms and a panoramic restaurant.
- A "Folie Douce" hotel with 160 rooms, with a wellness area including a spa and a party area including a nightclub.

Delivery of the first tranche is expected for winter 2019.

Tourism management of the Villages Nature project

Sharing the same objective to make Villages Nature an eco-tourism destination on a European scale, the two partners, Euro Disney S.C.A. and Pierre & Vacances – Center Parcs announced on 21 October 2016 that they would entrust commercial and operating management by mandate to a subsidiary of the Pierre & Vacances-Center Parcs Group.

Shared governance of the joint company remains unchanged.

Center Parcs Roybon project in the Isère region

The project for a Center Parcs in the commune of Roybon (Isère) has been opposed by a number of associations.

On 22 November 2016, the Lyons Appeals Court decided to set a new date for the examination of the dispute over the Water Law and Protected Species decrees that has yet to be decided.

C. Strategic focuses

Since 2012, growth in the Group's operating income has testified to the relevance of its strategic focuses despite a difficult economic backdrop and competitive environment.

Concerning the tourism businesses, the Group is set to continue its growth and differentiation strategy, based on:

- Moves upscale in accommodation and services, with an enhanced offering that is more flexible and better segmented in order to counter competition from the "collaborative" economy.
- Simplifying and digitalising the customer journey.
- A careful revenue management policy aimed especially at increasing prices in the peak season and capturing additional volumes in periods of lower demand.
- Accelerating the diversification of economic models, with a strengthened positioning in tourism distribution activities and rental management via Maeva.com, and the international expansion of destinations with the development of marketing contracts for partner residences.

Meanwhile **Property development** is set to provide leverage to growth in the tourism offering in both qualitative and quantitative terms via:

- The development of new destinations for Center Parcs, Villages Nature, Pierre & Vacances premium and Adagio.
- The ongoing renovation of existing Center Parcs in Germany, the Netherlands and Belgium by selling on renovated cottages to individual and institutional investors.
- Development projects in Spain and China.

IV. Reconciliation table – IFRS income statement

(Euro millions)	FY 2015/2016 operating reporting	Change in the fair value of ORNANE	Cost of early redemption		Tax on other operating income / expense	Adjustments IFRS 11	FY 2015/2016 IFRS
			of the syndicated loan	of the operating income / expense			
Revenue	1 424.2					- 51.6	1 372.6
Current operating income	32.4					+9.5	41.9
Other operating income/expense	- 6.1		+ 1.1	- 0.2		+0.8	- 4.4 (*)
Financial items	- 18.8	- 5.7	- 1.1			- 0.1	- 25.8
Share of net profit in joint-ventures	0.6					-6.1	-5.5
Taxes	- 9.8				+ 0.2	- 4.1	- 13.7
Change in the fair value of ORNANE	- 5.7	+ 5.7					(**)
NET INCOME	- 7.5	0.0	0.0	0.0	0.0	0.0	- 7.5

(*) gross of tax

(**) the change in the fair value of ORNANE is included in the IFRS financial result

(Euro millions)	FY 2014/2015 operating reporting	Change in the fair value of ORNANE	Tax on other operating income / expense		Adjustments IFRS 11	FY 2014/2015 IFRS
			of ORNANE	of ORNANE		
Revenue	1 436.3				- 53.8	1 382.5
Current operating income	21.3				- 5.1	16.2
Other operating income/expense	- 3.8			- 1.6		- 5.4 (*)
Financial items	- 18.3	+1.2			+0.2	- 16.9
Share of net profit in joint-ventures	0.3				+2.8	3.1
Taxes	- 12.1			+1.6	+2.1	- 8.4
Change in the fair value of ORNANE	1.2	-1.2				(**)
NET INCOME⁽¹⁾	- 11.4	0.0	0.0	0.0	0.0	- 11.4

NB : 2014/2015 P&L is adjusted for the impact of the IFRIC 21 interpretation on the audiovisual licence fee paid by the Group (+€0.1m on earnings).

(*) gross of tax

(**) the change in the fair value of ORNANE is included in the IFRS financial result

Information on 2015/2016 results includes this press release as well as the presentation available on the Group's website: www.groupepvcp.com

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