Groupe
Pierre & Vacances
CenterParcs

2011/2012 results

2013 target: Restoring profitability

6 December 2012

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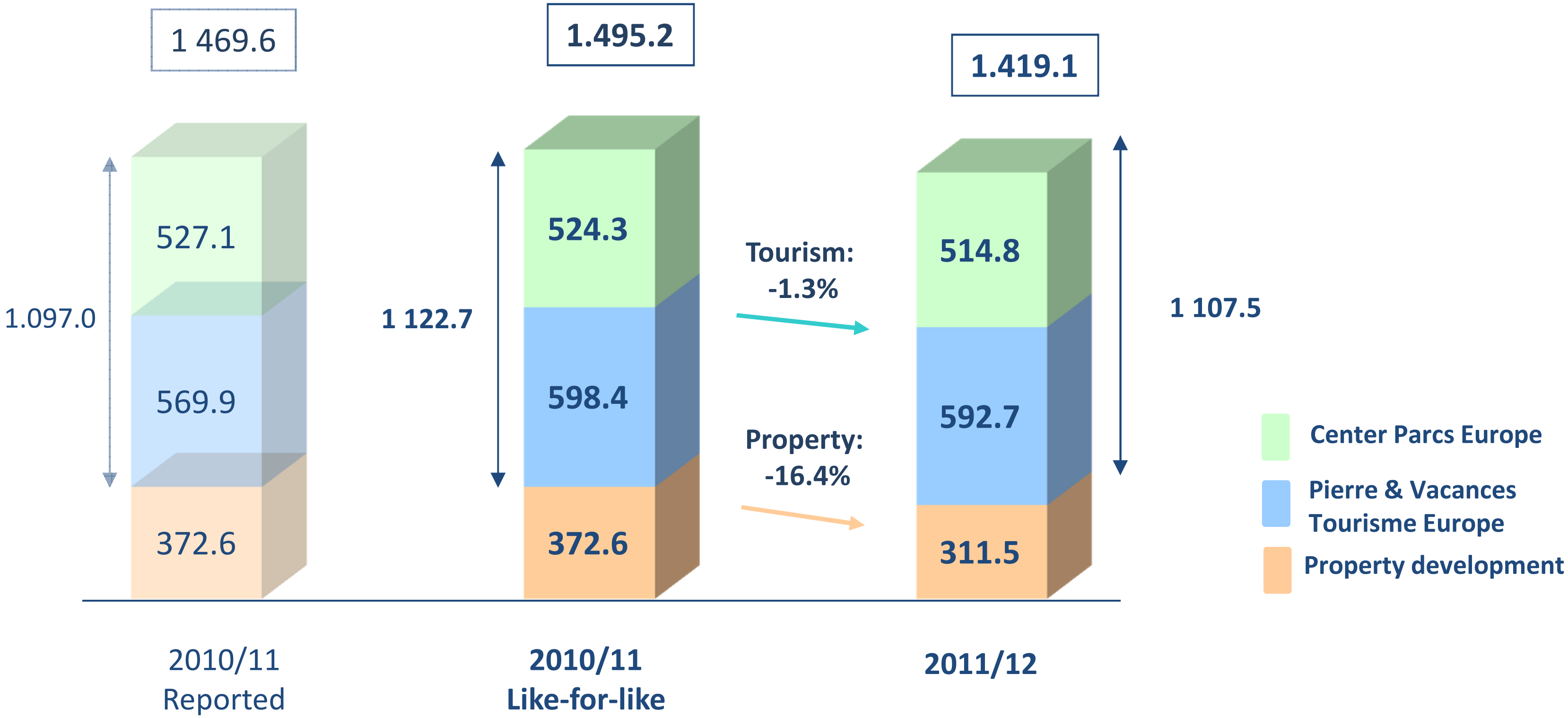
I. 2011/2012 results

2011/2012 turnover

(Euro millions)



* Like-for-like turnover has primarily been adjusted for the impact of the acquisition of 31 Citéa residences as of 1 July 2011

2011/2012 turnover

TOURISM: Resistance in a crisis backdrop

Accommodation turnover: -0.3%

⇒ **Average letting rates: +1.9%**

⇒ **Number of nights sold: -2.2%**

✓ **Pierre & Vacances Tourisme Europe: +0.6%. o/w +1.9% growth in ALR**

- Healthy performances in city residences.
- But lower turnover in seaside and mountain destinations due to:
  - An offering effect (withdrawal from hotel business and loss-making sites in Italy and at mountain resorts)
  - Poor weather conditions affecting the Atlantic Coast and English Channel destinations during June and July

✓ **Center Parcs Europe: -1.5%. o/w +2.0% growth in ALR**

Decline in turnover due to renovation works at:

- The French villages of Bois Francs (Normandy) and Hauts de Bruyères (Sologne)
- Seven villages in the Netherlands. Germany and Belgium. belonging to Blackstone.

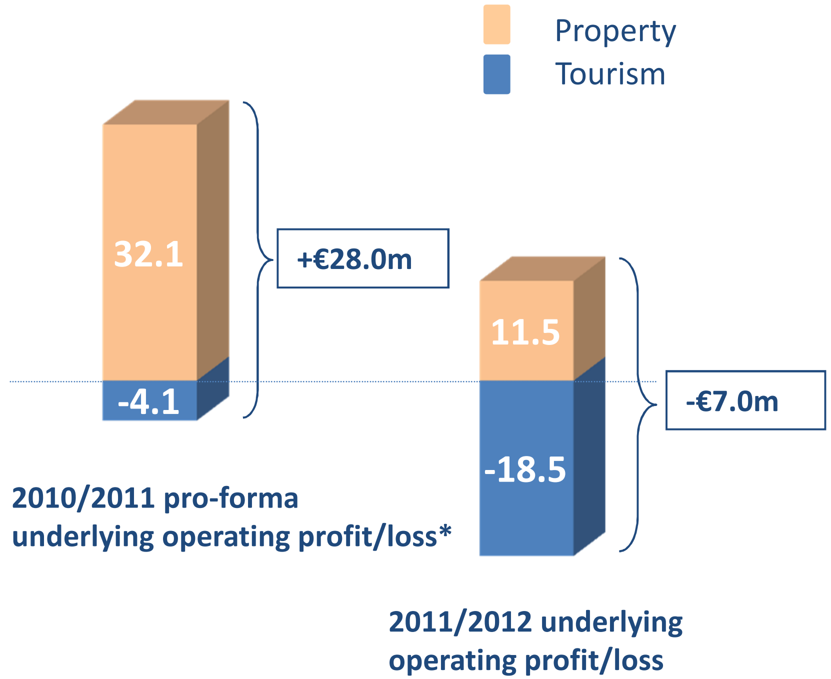
PROPERTY DEVELOPMENT: decline due to phasing of programmes

❑ **Main contributing programmes:**

(Euro millions)	2011/12	2010/11
Property development turnover	**311.5**	**372.6**
o/w Avoriaz	*59*	*78*
o/w CP Sologne / Normandie renovation	*89*	*108*

2011/2012 underlying operating profit/loss

(Euro millions)



Tourism

- **Impact of decline in accommodation turnover: -€2m**
- **Increase in charges estimated at €15m** stemming from automatic effect of indices on staff and rental costs in particular
- Improvement in operating efficiency but generating **insufficient savings**
- **Residual excess costs** on roll-out of new IT systems

Property development

- **16% decline in full-year turnover** due to phasing of property development programmes
- **Additional costs for work at Avoriaz** (reduction in margin previously generated on the programme)

  => negative contribution from programme of around €10m over the year

** Adjustment to underlying operating profit of -€1.3 (review of fixed asset amortisation method)*

2011/2012 net profit/loss

(Euro millions)

	2011/2012	2010/2011 pro-forma*
Turnover	1 419.1	1 469.6
Underlying operating profit/loss	**-7.0**	**28.0**
Financial expenses Tax	-18.3 2.6	-16.6 - 4.2
Attributable underlying net profit/loss	**-22.7**	**7.2**
Other operating income/expense net of tax**	-4.7	2.4
Attributable net profit/loss	**-27.4**	**9.6**

**Adjustment to reported underlying operating profit of -€1.3m (review of fixed asset amortisation method), i.e. -€0.9m net of tax*

*** o/w €4.1m in net restructuring costs in 2011/2012*

2011/2012 cash flow statement

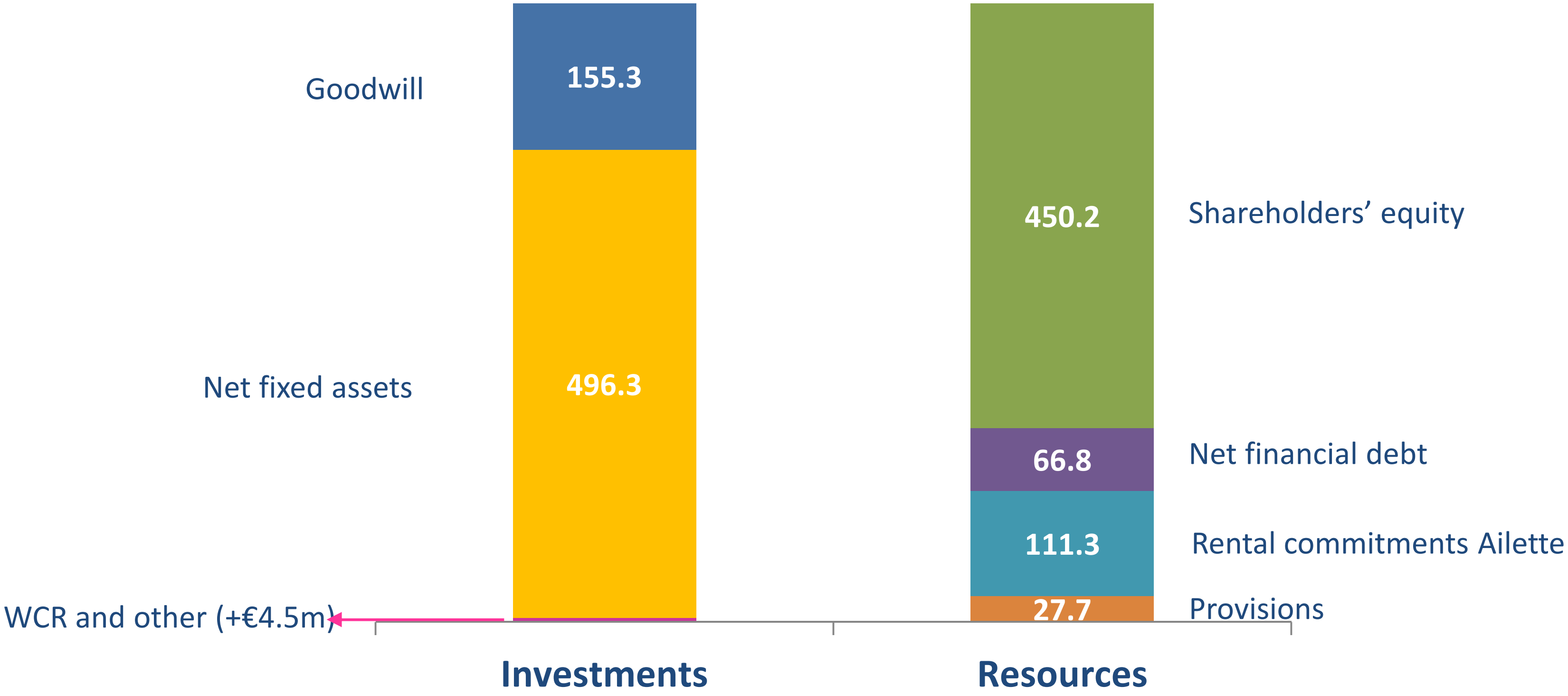
(Euro millions)

	2011/12	2010/11
Cash flow	1.6	42.7
Change in working capital requirements	-12.7	-32.6
Cash flow generated by operations	**-11.1**	**10.1**
Cash flow generated by investments	-51.6	-12.4
o/w:		
- operating CAPEX	-46.8	-33.4
- o/w Aquariaz	*-12.9*	
- o/w West Indies / Pont Royal	*-4.7*	
- IT CAPEX	-5.2	-0.4
- IT lease	-1.8	8.0
- Asset disposals/acquisition	2.2	12.3
Acquisition/disposal of treasury stock	-5.2	-1.2
Dividends paid	-6.0	-6.1
Cash flow before loan reimbursements	**-73.9**	**-9.6**

OCEANEs issue	0	112.3
Change in debt	-30.9	-26.2
Change in cash flow	**-104.8**	**76.5**

Simplified balance sheet on 30 September 2012

(Euro millions)



A robust balance sheet

- **Net financial debt*/equity of just 14.8%**

- **Secured cash resources:**
  - Corporate debt refinanced and due to mature in June 2015
  - Convertible bond loan (OCEANE) issued in February 2011 (€115m), due to mature in October 2015

* Net financial debt adjusted for rental commitments for equipment at Center Parcs Ailette

II. 2013 target: to restore operating profitability

The facts

❑ **A crisis economic backdrop**

- ✓ An ongoing financial and economic crisis in Europe
- ✓ Increasingly strict austerity plans in all European countries
- ✓ Low growth or recession

❑ **A decline in the Group's earnings during 2012, with the transformation plan having generated fewer savings than expected.**

Need for the Group to improve its sales performances and reduce costs with the aim of restoring operating profitability as of 2012/2013.

Three major focuses:

1. Adapting the sales action plan to the context
2. Reducing head-office and operating costs
3. Reducing rental costs

Adapting the sales action plan to the context

❑ A tourism offering suited to the demands of European customers

- **Offering from the European no. 1 in terms of quantity and quality of tourism residences:**
  - Four types of products in eight European countries
    - ⇨ Residences, all-weather domains, villages clubs, city residences
    - ⇨ Seaside, mountain, countryside, cities

  In all, 50,000 apartments and homes, or 230,000 beds
  - Highly reputed brands, especially Pierre & Vacances and Center Parcs

- **A flexible offering:**
  - A comprehensive range of businesses and *à la carte* services
    - ⇨ Enabling clients, mainly families, to adapt their budgets

- **A local offering:**
  - 95% of customers arrive at our sites by car
    - ⇨ Budget holiday formula
    - ⇨ No exposure to geopolitical and climate risks

Adapting the sales action plan to the context

1. Streamlining the PV/Maeva networks

- **Transfer of 40 Maeva residences to the Pierre & Vacances brand**
  - ✓ 18 new destinations for the Pierre & Vacances brand
  - ✓ Cost savings (support, A&P….)
  - ✓ Turnover growth target: + 10% in 2012/13

2. A price policy suited to new consumer behaviour patterns

- **Repositioning prices depending on season, brand and regions/destinations**
- **Simplifying price grids:**
  - ✓ Switch from 12 to six price seasons for the PV brand
  - ✓ Review of entry level prices for low-season periods
  - ✓ Simplification of price positioning between typologies
- **Strengthening Early Booking policy:**
  - ✓ A single early booking policy for all brands:
    - PV: -15% for one week, -30% for weeks and more
    - CP : -20% in BNG, tactical early booking for France
  - ✓ Anticipation of launch date and prolongation of offer

Adapting the sales action plan to the context

3. Adapting the distribution strategy

❑ **Distribution in France:**

- ✓ **Improving reservation tools** (simplifying procedures)
- ✓ **Optimising our local structures in order to increase PV site sales:** target of +8% in 2012/13
- ✓ **Boosting volumes with attractive and simplified prices for:**
  - Leisure groups
  - Seminars
  - Works committees

❑ **Distribution outside France for the PV brand:**

- ✓ **Focusing on strategic partners on-line by country**
- ✓ **Improving connectivity with partner sites**
- ✓ **Fine-tuning marketing methods**
  - Focus on key villages clubs and residences
  - Optimising the choice of apartment typologies

Adapting the sales action plan to the context

4. Product investments

- **Significant renovation of existing network over past two years:**
  - ✓ €45m for 736 Center Parcs cottages in Sologne and Normandy in 2010/11 and2011/12 (financed by property development)
  - ✓ €30m for seven Center Parcs villages owned by Blackstone in BNG in 2011/12 (financed by owner)
  - ✓ €14.5m for Center Parcs village at Eemhof in the Netherlands in 2010/11 (financed by owner)
  - ✓ €8m for PV in the French West Indies (including local subsidies)
- **Enhancing the offering:**
  - ✓ Aquariaz at Avoriaz
  - ✓ Spa at Arc 1950
  - ✓ New slides in Center Parcs villages
  - ✓ Leisure valley at Pont Royal
  - ✓ Overhaul of children's clubs in PV villages clubs…
- **Development of partnerships,** especially in catering (Elior: Paul, Carrefour Market…)

5. Optimising the offering

❑ Developing a targeted offering in buoyant brands/markets

- ✓ Opening of Center Parcs Bostalsee in Germany:
  - 350 cottages in June 2013
  - 150 cottages in September 2013
- ✓ Extension of Center Parcs des Trois Forêts (Moselle):
  - 107 cottages in June 2012
- ✓ PV residences in Avoriaz:
  - 276 additional apartments in 2012/13
- ✓ Development of Adagio residences in France and outside France
  - Cologne and Liverpool in 2012/13
- ✓ New PV residences in Spain
  - 400 apartments in 2012/13

❑ Withdrawal from unprofitable businesses/markets:

- ✓ Latitudes hotels: disposal of last hotel in April 2012
- ✓ In Italy: withdrawal from PV village at Cala Rossa in Sardinia

Winter 2013 trends

For Q1 2012/2013 (October to December):

- ✓ Reservations to date generally comparable to the previous year's level

For Q2 2012/2013 (January to March):

- ✓ **Pierre & Vacances Tourisme Europe** (almost 55% of turnover reserved to date):
  - Healthy performances in mountain resorts and city residences reflecting growth in turnover reserved to date.
- ✓ **Center Parcs Europe** (around 30% of turnover reserved to date)
  - Growth in reservations to date, especially for Dutch and Germany clients

Reducing head office and operating costs

Given the insufficient amount of savings generated during 2011/2012, the Group has decided to implement a strict cost-cutting plan set to generate €35 million in permanent savings, €25 million of which in 2012/2013

Reducing head office and operating costs

A 15% cut in head office costs, primarily:

- Property development:
  - ✓ Optimisation of sales and construction management organisations
- Back-office functions:
  - ✓ IT: reduction in costs for completion of major projects
  - ✓ Finance, HR, legal etc.: centralisation and streamlining of costs
- Tourism:
  - ✓ Two operating divisions: PV/CP
  - ✓ One common sales management team

A 4% cut in site operating costs primarily by:

- Reducing on-site back-office functions
- Streamlining opening periods for seasonal sites (seaside residences during the winter, mountain sites during the summer) => Productivity gains
- Optimising operating ratios by brand in Europe

⇒ Project currently being discussed with trade unions concerning 195 staff in France and Europe (or 2.6% of the Group's overall headcount)

⇒ Non renewal of fixed-term and temporary work contracts , strict management of pay rises and freeze on recruitment

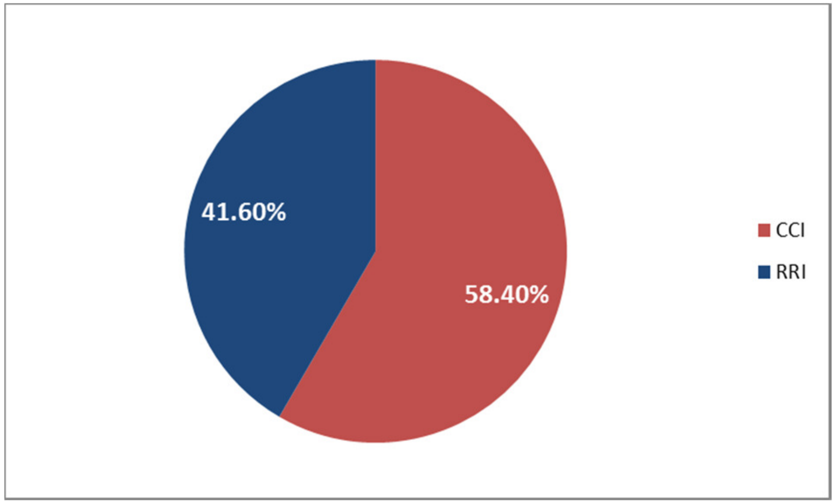
Reducing weight of rents

❑ **Indexation of rents – basic data:**

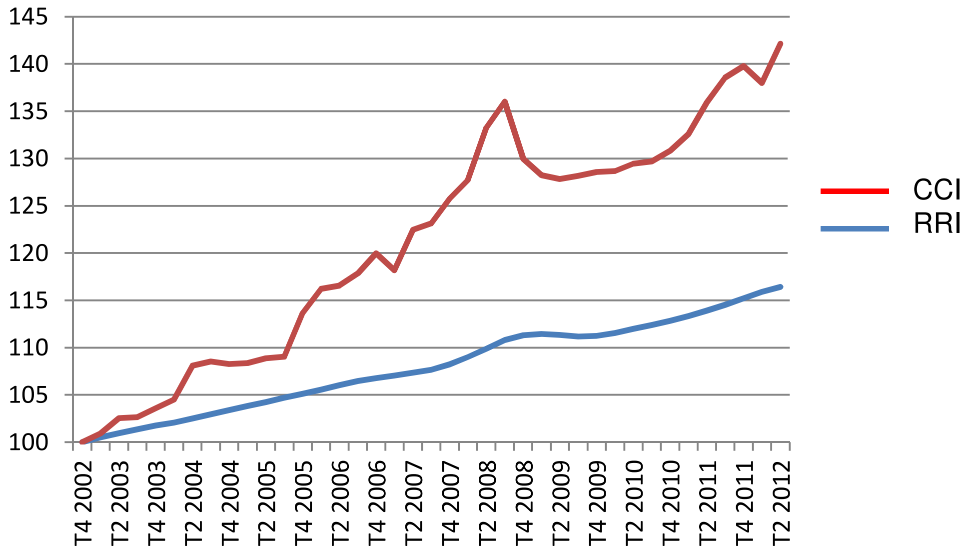
- ✓ Cash rents paid by the Group to its individual property owners: almost €200m on 30 September 2012 (more than 85% in the Pierre & Vacances Tourisme Europe division)
- ✓ Indexation of the majority of rents to individuals with the Construction Cost Index
  - Change in CCI index over 10 years: +40%
  - Change in inflation over 10 years: +20%

⇒ **Scissors effect having weighed significantly on operating profit in the Pierre & Vacances Tourisme Europe division**

Breakdown of rents paid to individuals by type of indexation on 30 September 2012



*Comparative change in CCI and RRI * (Base 100)*



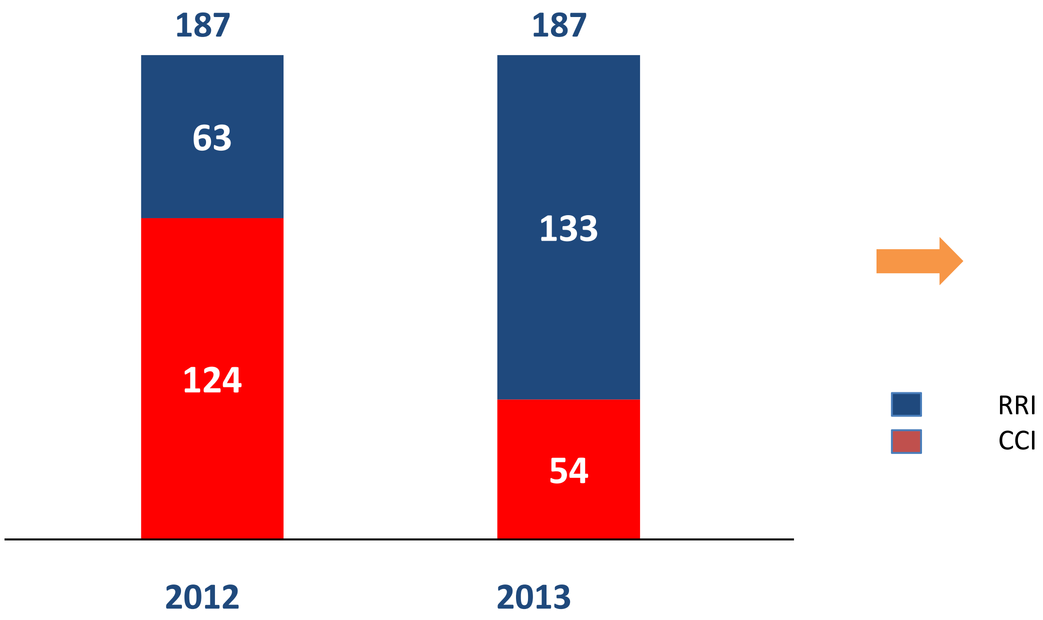
** Source INSEE: CCI (Construction Cost Index) and RRI (Rental Reference Index)*

Reducing weight of rents

As of 2013:

- **Change in reference index for 75%* of PV leases (from CCI to RRI)** in order to ensure coherence between growth in tourism performances and growth in rents:

2012/13 change in index breakdown (based on 2012 rents) (euro millions)



€1.5m gain prompted by indexation as of 2012/2013

- **Savings of €8 m in 2012/2013 (excluding index changes) following strengthened actions under framework of lease renewals (re. slide p 26)**

* *Estimate depending on current answers to PV proposals*

A return to operating profitability in 2012/2013

⇒ **Growth in tourism turnover underpinned by a sales action plan**

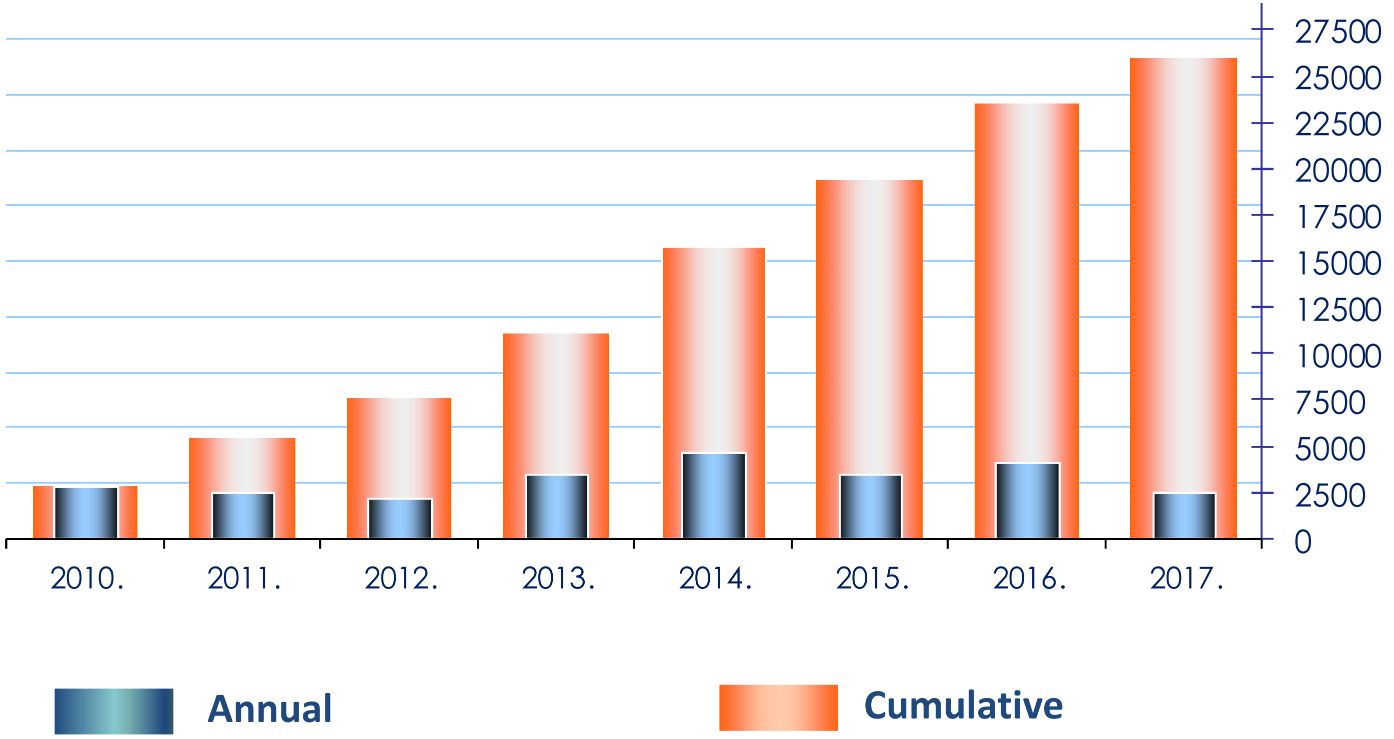
⇒ **Cost-cutting to provide €33m:**

- **€25m reduction in operating costs in 2012/2013 out of a total amount of €35m**
- **€8m cut in rents**

III. Significant sources of leverage to earnings growth

Stepping up rent reduction plan

❑ **Between 2010 and 2017, more than 85% of the 30,000 individual leases are to be renewed:**



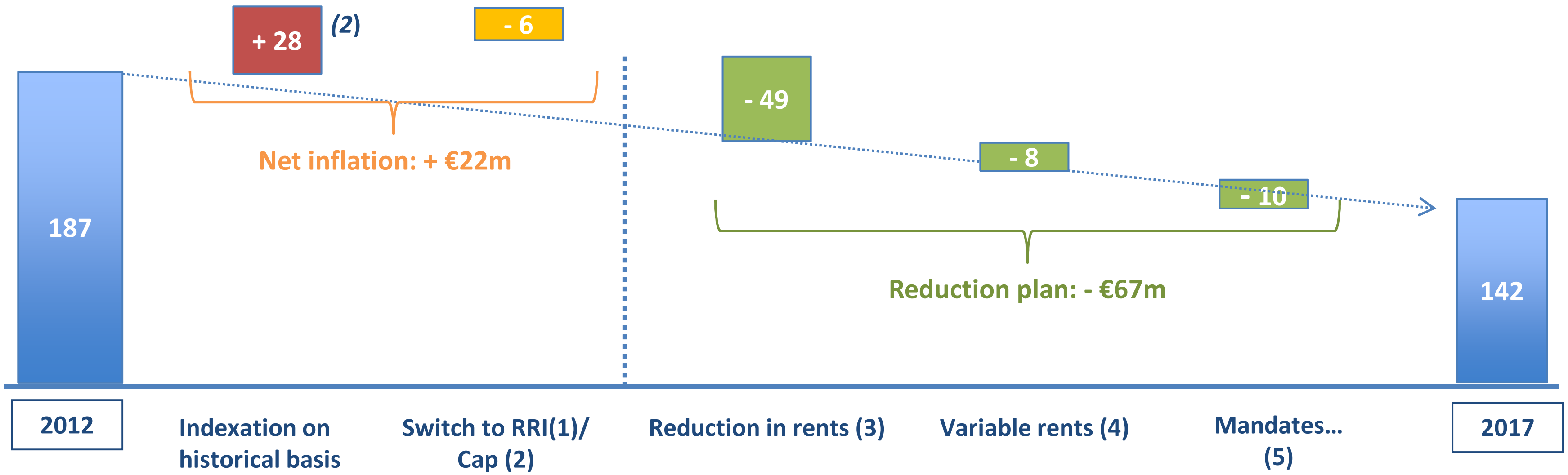
❑ **Over the period, 18,000 apartments are due to be renovated for an overall amount of €180m financed by their owners**

Stepping up rent reduction plan

❑ **Main measures:**

1. As of 2013, change in reference index for 75%* of PV leases (from CCI to RRI)
2. Indexation to be capped at 2% for lease renewals and for all new contracts
   => **In 2017, almost 85% of the rents paid to individuals should be capped**
3. Reduction in face value rents, depending on residence
4. Introduction of variable rents
5. Individual cases: operating under mandate, with no rental commitment, for 28 sites

⇒ **From 2012 to 2017, rental costs are to be reduced by €45m including indexation (1):**
✓ **€5m in 2012/13**
✓ **€10m/year as of 2013/14** *(excluding development of the offering)*



(1) Forecast change in RRI of 2% a year
(2) Calculated on the basis of an average historical rate of growth in the CCI of 3.3% and RRI of 2%

Expansion in France and outside France

In addition to measures aimed at improving profitability in the tourism businesses, the Group is stepping up its expansion in France, Spain and Morocco with the double aim of:

- Extending its tourism network
- Increasing property margins

High-potential property development

Targeted development:

- In growth brands/markets: Center Parcs, Adagio
- In innovative concepts: Villages Nature

Diversified financing systems:

- In France, property marketing to individual investors with benefits of Censi-Bouvard tax incentives prolonged until end-2016.
- Extension to Germany, the Netherlands and Belgium of property sales to individuals for Center Parcs cottages.
- Block sales of Center Parcs cottages in France to institutional investors via savings funds (property investment funds etc).
- Public/private partnerships for the financing of infrastructure and leisure equipment (Center Parcs Vienne)

Diversified management methods:

- Development by lease (fixed or variable rents), management mandate (Spain, Morocco) or franchise (Adagio)

Development of Center Parcs in France

❑ **Vienne**: 800 cottages by Spring 2015

- Financing of leisure equipment by a mostly regional semi-public company (€135m)
- Cottages sold partly to individuals partly to institutional investors
  - ✓ Currently being completed: €95m excl. tax with three institutional investors (340 cottages)
  - ✓ Currently being negotiated or under prospection: €40m excl. tax (150 cottages)

❑ **Roybon: 1,021 cottages by 2016**

- Validation of PLU (local development plan) and building permit by Lyon Appeals Court
- Receivability of appeal filed by oponents with the Council of State currently being examined

❑ **Les Trois Forêts:**

- Extension of existing village with 107 additional cottages delivered in June 2012
- Additional extension of 59 cottages in 2013/2014
- Additional extension potential of 179 cottages

Development of Center Parcs in Germany

❑ Bostalsee (Sarre): 500 cottages delivered in 2013

- Financing of leisure facilities by a public SPC
- Marketing of cottages underway with individual investors: more than 200 reservations so far
- Opening planned in July 2013, with 350 cottages, and 150 more planned for September 2013

❑ Allgau (Badenwürttemberg): 800 cottages by 2016

- Search for institutional financing currently underway

Development of city residences

❑ City residences in Europe, with Adagio and Adagio Access brands

✓ **Joint Venture with ACCOR (50%)**

✓ **No. 1 in French and European aparthotels market**

✓ **Two complementary brands:**

✓ **88 residences so far**

✓ **Significant developments planned out to 2015:**

- new leases: 11 further sites, including four with fixed rents and seven with variable rents
- mandates: 3 additional sites.
- franchises/master franchises: 28 further sites

⇒ **2015 target: 130 residences managed (business volume of €330m)**

- ✓ **A joint venture created 50/50 by Euro Disney S.C.A. and Pierre & Vacances – Center Parcs**
- ✓ **A major innovation in terms of sustainable development, based on the search for harmony between Man and Nature**
- ✓ **Application of PV business model (property/tourism)**
- ✓ **First phase:**
  - 1,730 cottages and apartments + equipments divided into two tranches, to be financed partly by individuals, partly by institutional investors
  - Project worth €700 million
  - "Déclaration d'Utilité Publique " obtained, as well as five building permits for first batch of 857 housing units and majority of facilities
  - Due to open to the public in April 2016 for the first sub-tranche

Morocco

- Negotiations with Caisse des Dépôts et de Gestion du Maroc on the evolution, procedures and perimeter of the partnership

Development under management mandate or variable rents in Spain

- 2,600 apartments managed in 2011/2012
- Target for 3,000 apartments managed in 2012/2013

Conclusion

⇒ Fundamentals adapted to changing economic and societal factors enabling good resilience by the tourism and property development businesses against a backdrop of European economic crisis.

⇒ Results nevertheless in decline, requiring a strict cost-cutting plan and sales actions in order to restore operating profitability as of 2012/2013.

⇒ Significant sources of leverage to earnings growth, mainly by stepping up the rent reduction plan and continuing to expand in France, Germany, Spain and Morocco with diversified management and financing methods.