Groupe Pierre & Vacances CenterParcs

Paris, 20 December 2021

Pierre & Vacances - Center Parcs reaches a major milestone in its equity strengthening process with the signing of an exclusivity agreement with the investor group Alcentra - Fidera - Atream

- **Conclusion of an exclusive negotiation agreement with the Alcentra - Fidera - Atream group of investors as part of the equity strengthening process**
- **Planned injection of €200M in equity and important debt reduction in particular with the equitization of more than €550M of debt**
- **Agreement in principle with major financial creditors**

As part of its equity strengthening process, Pierre et Vacances S.A (the "***Company"***), the listed holding company of Pierre & Vacances - Center Parcs group, entered into an exclusivity agreement on December 17, 2021 until January 31, 2022 with a group of investors consisting of **(i)** Alcentra Limited (also a financial creditor of the Group), **(ii)** Fidera Limited (also a financial creditor of the Group), and **(iii)** Atream (also an institutional landlord of the Group) (together the "***Investors"***).

This exclusivity agreement follows the receipt of a binding offer by the Investors on November 8, 2021, as amended on November 23, 2021, which was extended to January 31, 2022 in connection with the execution of the exclusivity agreement (the "***Binding Offer***").

This Binding Offer meets the Company's expectations by preserving the Group's integrity and opening up the perspective of a global restructuring plan. It reinforces the orientations of the Reinvention strategic business plan.

As of the date hereof, discussions with the financial creditors concerned have resulted in an agreement in principle reached by all the banks and Euro PP creditors of the Company on the main elements of the Transaction, which shall be submitted with a favourable opinion to the formal validation of the respective committees of the relevant parties. The Binding Offer has also already received the agreement in principle of a number of Ornane holders representing to date approximately 55% of the receivables held by this category of creditors (including claims held by Alcentra and Fidera).

The implementation of the proposed restructuring transactions (the "***Transaction"***) remains subject to the signature of a final binding contractual documentation on terms acceptable to all relevant parties, including the various creditors mentioned above.

The Binding Offer is supported by the Company and its management, as well as by the Group's majority shareholder, S.I.T.I, and its founder Mr. Gérard Brémond, subject to finalization of an agreement between the latter, S.I.T.I and the Investors, on terms satisfactory to all relevant parties.

The completion of the Transaction would principally allow :

- the injection of €200m of equity, to strengthen the Group's balance sheet in view of the implementation of its the Reinvention strategic business plan (see section 7 below in this respect);
- the important reduction of the Group's debt, with the conversion into equity of more than €551 million of unsecured debt, enabling the Group to return to a sustainable level of debt that is equivalent to the one which prevailed before the health Covid crisis;
- the implementation of a new governance structure with shareholders ready to support the General Management in the execution of its Reinvention strategic plan; and
- the outsourcing of the real estate business through the creation of a dedicated real estate company to ensure the development of new sites.

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As a reminder, the Covid-19 pandemic and its restrictive measures have severely impacted the Group's activities since the beginning of the crisis in March 2020. In 18 months, the Group has thus recorded a loss of nearly €800 million in revenues, €380 million in current operating income, and consumed nearly €600 million in operating cash.

In this context, and in the absence of visibility on the end of the Covid crisis, the Group's priority was to preserve its cash flow. As part of an amicable conciliation procedure, opened from February 2 to November 24, 2021 (for the Company) and December 2, 2021 (for the other Group companies concerned), the Group was able to obtain from its various financial creditors a new bridge financing in debt for a principal amount of around 300 million euros and to reach an agreement on the treatment of rents with almost all of its institutional landlords and with approximately 80% of its individual landlords. As an extension of the conciliation, the Company requested the opening of a *mandat ad hoc* procedure, which was opened by order of the President of the Commercial Court on December 14, 2021 for a period of 4 months.

The completion of the Transaction would thus constitute the successful conclusion of the efforts made by the Group since the beginning of this Covid crisis to ensure its sustainability and its development.

Key elements of the Transaction

1. Transactions on the Company's share capital

Following the agreement in principle reached with the relevant parties, the envisaged transactions on the Company's share capital would be as follows:

(i) after reduction of the nominal value of the shares from €10 to €0.01 by way of a capital reduction, **a free allocation of warrants to subscribe for shares** in the Company (the **"*Shareholder Warrants*"**) **to all shareholders** (including S.I.T.I but excluding treasury shares) at an **exercise price of €2.75 per new share and with a validity period of 5 years**. The exercise of all the Shareholder Warrants would enable their holders to hold approximately 7.5% of the fully diluted share capital of the Company at the end of the Transaction (before taking into account the dilution linked to the allocation and conversion of the preference shares detailed below for the benefit of the *directeur général* of the Group and top management);

(ii) a **capital increase with preferential subscription rights ("*DPS*") for a total gross amount of €50,085,656, at a price of € 0.75 per new share** (i.e. a total issue of 66,780,875 new shares envisaged to date)**,** to be subscribed and paid up in cash, **fully guaranteed by Alcentra and Fidera**. In the context of the capital increase with preferential subscription rights, 1 preferential subscription right would be allocated per existing share and 4 preferential subscription rights would allow the subscription of 27 new shares at a price of €0.75 per new share;

(iii) a **capital increase with cancellation of the preferential subscription right for a total gross amount of € 149,914,344 at a price of € 0.75 per new share** (i.e. a total planned issue of 199,885,792 new shares) **reserved for *(a)* Alcentra** and **Fidera** for €44,957,172 each (i.e. at least 59,942,896 new shares each), ***(b)* Atream** for €30,000,000 (i.e. 40,000.000 new shares), ***(c)* to the Ornane holders** who wish to participate in this reserved capital increase (in proportion to their holding of Ornane), up to a maximum of €12,750,000 (i.e. 17,000,000 new shares), and ***(d)* to the holders of non-elevated Euro PP Bonds** who wish to participate in this reserved capital increase (in proportion to their holding of Euro PP Bonds), up to €17,250,000 maximum (i.e. 23,000,000 new shares maximum). This allocation may be adjusted in the event that a new investor approved by the Investors and by the Group wishes to participate in the Transaction, in which case, a portion of up to €10,000,000 may be reserved for such investor, the total amount of the reserved capital increase remaining unchanged in this event. The proceeds of the capital increase with preferential subscription rights and of the reserved capital increase would be used to repay part of the €300 million bridge financing granted during 2021;

(iv) **a conversion of debt into equity in an amount of approximately €551,495,311** (which should be increased by the interest accrued at the date of conversion), via **an issuance of shares with warrants to subscribe for shares** (the "***Creditors' Warrants*"** and, together with the shares issued to the creditors, the "***ABSA*"**) **reserved for the creditors, and paid up by offsetting the amount of their claims at a price of €4 per new share** (i.e. a total issue envisaged to date of approximately 137,873,828 new shares). **The Creditors' Warrants would have an exercise price of €2.25 per new share and a**

validity period of 5 years. An offer to monetize the claims held by the interested creditors could be made by certain Investors, according to terms and conditions to be defined with the creditors concerned, depending in particular on the total amount whose monetization would be requested, the claims thus acquired by the Investors being converted within the framework of the reserved capital increase, according to the same terms and conditions as the other creditors. The exercise of all of the Creditors' Warrants would enable their holders to hold approximately 7.5% of the Group's fully diluted share capital at the end of the Transaction (before taking into account the dilution linked to the allocation and conversion of the preference shares detailed below for the benefit of the *directeur général* of the Group and top management);

(v) a **liquidity offer proposed by Alcentra and Fidera under which the latter would undertake to acquire, from all shareholders who so wish, the outstanding preferential subscription rights in respect of the capital increase with preferential subscription rights, for an economic value determined on the day prior to obtaining the approval of** the Autorité des marchés financiers ("***AMF***") on the prospectus relating to the Transaction. It is specified that the unit price of the DPS offered in the context of this liquidity offer may not exceed in any case **€0.22 per DPS**, corresponding to the economic value of the DPS calculated on the basis of a closing price of €9.16 per share on 5 November 2021. Subject to the agreement between S. I. T. I, and Alcentra and Fidera on the one hand, and S.I.T.I's creditors on the other hand, it is envisaged that S. I. T. I will transfer to Alcentra and Fidera (and to them only), in the context of this liquidity offer, all the unexercised preferential subscription rights that it would hold in respect of the capital increase with preferential subscription rights;

(vi) a **free allocation of warrants to subscribe for shares** in the Company (the **"*Guarantor Warrants"***) **to Alcentra and Fidera at an exercise price of €0.01 per new share**, in consideration for their undertaking to backstop the capital increase with preferential subscription rights and their liquidity undertaking regarding the preferential subscription rights provided for above. The exercise of all of the Guarantor Warrants would enable their holders to obtain a total of approximately 7% of the Group's fully diluted share capital at the end of the Transaction (before taking into account the dilution linked to the allocation and conversion of the preference shares detailed below for the benefit of the *directeur général* of the Group and top management);

(vii) a fee for structuring and coordinating the Transaction for a total amount of €3 million, payable by the Company and divided equally among the Investors;

(viii) a consent fee for the benefit of the Ornane holders and the holders of non-elevated Euro PP bonds who would accept the Transaction and the bank creditors accepting the Transaction who did not participate in the 2021 bridge financing, for an amount of 1% of the relevant debt; and

(ix) an early cash repayment of 2% of the debt of the bondholders (i.e. the Ornane and non-elevated Euro PP bonds holders) and bank creditors who did not participate in the 2021 bridge financing.

In connection with the Transaction, the Investors would not act in concert.

As the Binding Offer stands, and depending on the subscription rate of the existing shareholders to the capital increase with preferential subscription right, the Investors, acting in this capacity (excluding the holding of the share capital in respect of their existing or acquired claims under their monetization offer and to be converted in the context of the reserved capital increase) would hold between approximately 42,6% and 56.8% [1]of the share capital, after **(i)** the completion of the capital increases ***(a)*** with preferential subscription rights and ***(b)*** reserved for the Investors, **(ii)** the issuance of the ABSA, **(iii)** the exercise of the Guarantor BSA and **(iv)** the allocation and conversion of the first two tranches of free shares to the benefit of Mr. Gérard Brémond (but prior to the exercise of the Shareholder Warrants and the Creditors' Warrants, and before taking into account the dilution related to the allocation and conversion of the preference shares to the benefit of the *directeur général* and the top management of the Group and the third tranche of preference shares to the benefit of Mr. Gérard Brémond).

On this same basis, and depending on their subscription rate to the capital increase with preferential subscription rights, the existing shareholders would hold between approximately 2.1% and 16.4% of the share capital at the end of the Transaction.

[1] Based on a subscription by the Investors of approximately 160,000,000 new shares to the reserved capital increase (i.e. approximately €120 million) out of a total amount of €149,914,344.

The dilution percentages will be more fully detailed at a later date in the context of the implementation of the Transaction and are subject to change depending on any adjustments to the terms of the Transaction.

In this respect, the Investors will have the possibility to request, within the framework of a good faith discussion, adjustments to the terms of the Binding Offer (including modifications to the subscription price of the aforementioned capital transactions that they consider appropriate), in the event that, in the Investors' reasonable opinion, the Group's activities or liquidity situation would be affected by a significantly unfavourable event or the Group's *pro forma* liquidity situation would be below their assumption of a minimum liquidity level.

2. New funding reinstated

The Binding Offer, as adjusted for the elements agreed in principle with the main financial creditors of the Company, also provides for the implementation of the following new rescheduled financing:

(i) **the partial reinstatement of the bridge financing obtained in 2021 by the setting up of a senior term loan of 174 million euros** at the date of completion of the Transaction to the benefit of the Dutch subsidiary Center Parcs Europe N.V., as borrower. The senior term loan will have a maturity of 5 years and will bear interest at the same rate as the bridge financing, i.e. 3.75% per annum;

(ii) **the continuation of the existing debt that was elevated** upon implementation of the new bridge financing in 2021 for an amount in principal of **103.5 million,** which would be converted into a 5-year term loan bearing interest at the same rate as the existing senior debt; and

(iii) **an additional elevation for €50 million of additional principal amount of unsecured debt** from the existing revolving credit facility and the existing consolidated facility.

These financing facilities would be secured until their full repayment, ***(a)*** in first rank for the term loan and ***(b)*** in second rank for the existing and additional elevated debt, by the establishment of a *fiducie-sûreté* similar to the one set up for the 2021 bridge financing, covering all the shares of Center Parcs Holding, a subsidiary of the Company and holding company of the Center Parcs division, and by granting pledges on the share of Center Parcs Holding that has not been transferred in the *fiducie-sûreté*, and on the shares of the sub-subsidiaries Center Parcs Europe NV, Center Parcs NL Holding BV, Center Parcs Germany Holding, Center Parcs Holding Belgique and other subsidiaries of Center Parcs Europe NV, as well as pledges on the *Center Parcs* trademarks.

As the Binding Offer stands, the remaining amount of the financial debt of the Company, i.e. around €551 million would be converted into capital in the context of the issue of the ABSA to the benefit of the creditors under the reserved capital increase, in accordance with the terms and conditions specified above, which would result, subject to the evolution of the activity, notably linked to the Covid crisis, in the **Group's net financial debt pro forma of the Transaction being reduced to approximately 132 million euros as at 30 June 2022**.

3. Preference shares

The Binding Offer provides for the implementation of a free allocation of preference shares convertible into ordinary shares, subject to the achievement of performance conditions for the benefit of the General Manager (*directeur général*) and the top management of the Group (excluding the Group's founder). In the event of the achievement of all the performance conditions, and subject, in certain cases, to customary vesting conditions, the free preference shares could be converted into a number of ordinary shares of the Company representing up to 3.94% of the fully diluted share capital of the Company (after any dilution pursuant to the Transaction).

Upon completion of the Transaction, the founder of the Group, Mr. Gérard Brémond would enter into an employment contract with one of the Group's entities, in addition to taking up a position in a new real estate company, as described in section 5 below. In this capacity, Mr. Brémond would be responsible for assisting the Group in its transition and would therefore benefit from a separate plan for the free allocation of preference shares convertible into ordinary shares in three tranches, subject to performance conditions for the last two tranches. If all applicable performance conditions are met, the free preference shares could be converted into a number of shares of the Company representing up to 3.7% of the fully diluted share capital of the Company (at the end of the Transaction but before taking into account the dilution related to the allocation and conversion of the preference shares to the benefit of *directeur général* and of the top management of the Group as described in the previous paragraph), subject to finalization of an agreement between Mr. Gérard Brémond, S.I.T.I and the Investors on terms satisfactory terms for all relevant parties.

The terms and conditions of the various free shares plans for the benefit of the *directeur général* and top management of the Group and Mr. Gerard Brémond and the performance conditions, if any, associated with them, would be further detailed at the dedicated shareholders' meeting that would be called to vote on the transactions on the share capital of the Company contemplated in the context of the Transaction.

4. Governance

Following the Transaction, it is envisaged that the Company's board of directors will be composed of 8 to 9 members (excluding members representing employees), including **(i)** the Chairman of the board of directors, **(ii)** Franck Gervais, the Company's *directeur général*, **(iii)** 1 member for Alcentra **(iv)** 1 member for Fidera, **(v)** 1 member for Atream (who, in view of his sectoral expertise, will have the particular objective of supervising the implementation of the Group's industrial project), and **(vi)** 3 to 4 other members to be appointed by the general meeting of shareholders.

Certain standard strategic decisions would be included in the rules of procedure of the Board of Directors and would require prior authorisation of the Board of Directors by an enhanced majority of 3/4 of the members of the Board of Directors. Other decisions would be taken by a simple majority of the members present or represented.

Following the completion of the Transaction, four committees would be created or maintained (Audit Committee, Appointments and Remuneration Committee, Finance Committee and Strategic Committee). The Group would also continue to refer to the recommendations of the AFEP MEDEF Code in its corporate governance practices.

5. New real estate company

As part of the Transaction, a framework agreement would be entered into relating to the development of the Group's new sites by a real estate company dedicated to the Group, to be formed by Atream with other institutional partners, the main purpose of which will be to acquire and lease to the Group residences in the form of a sale before completion (*VEFA*) or a lease before completion (*BEFA*), as the case may be.

The provision of certain services to the above-mentioned real estate company would be entrusted to a company to be formed in which Mr. Gérard Brémond (or a company controlled by him) would hold 70% of the share capital. Atream and the Group would each hold 15% of the share capital of this company.

This new company would have an asset management role on behalf of the real estate company and its purpose would be to select and propose to the real estate company the acquisition of tourism assets to be leased by the Group by sourcing, arranging and monitoring the project owners from design to delivery, and then managing and, where applicable, selling the assets on behalf of the real estate company. The relationship between the Group and the new company will be governed by contracts with the Group, which would be entered into under market conditions, on terms acceptable to each of the relevant parties and to the Group, determined on a transaction-by-transaction basis.

6. Conditions precedent

The Binding Offer is subject to the following conditions precedent:

(i) agreement between the Investors, the Company, its financial creditors by the contractually required majority, and S.I.T.I on the final terms of the Transaction and conclusion of definitive contractual documentation acceptable to all relevant parties;

(ii) agreement between the Investors, S.I.T.I. and S.I.T.I's own financial creditors on the terms of the restructuring of S.I.T.I and the conclusion of definitive contractual documentation acceptable to all relevant parties;

(iii) obtaining ***(a)*** a decision from the AMF to waive or not to file a mandatory public offer in connection with the Transaction, which decision shall be free of any appeal, and ***(b)*** a decision from the AMF approving the Company's prospectus, including in particular the note relating to the capital transactions contemplated in connection with the Transaction;

(iv) obtaining a report from an independent expert judging the proposed price to be fair in the context of the capital increases planned under the Transaction. In this respect, the board of directors of the Company has already decided to appoint Finexsi, represented by Mr. Olivier Peronnet, upon the proposal of an ad hoc committee of four members, the majority of whom are independent, to prepare a fairness opinion in the context of the capital increases planned in connection with the Transaction, in accordance with the provisions of the AMF's general regulations; and

(v) obtaining, if necessary, the required authorizations under the applicable merger control regulations.

It is specified that the acceptance of the Binding Offer by the Group and the conclusion of the definitive and binding contractual documentation can only occur after the information-consultation procedures with the competent employee representative bodies within the Group will have been finalised.

The various transactions involving the Company's share capital will then be submitted to the vote of the Company's shareholders at **a dedicated general meeting to be held after the** Group's annual general meeting scheduled for 10 February 2022.

7. Other terms of the Binding Offer

In their Binding Offer, the Investors confirmed that they shared the strategy set out in the Reinvention business plan presented by the Group's management, specifying that an additional period of up to 12 to 24 months in the achievement of the envisaged financial objectives (€1.838m in turnover and €275m in EBITDA initially planned for 2025) could not be ruled out in view of the current health context. Prior to the implementation of the Transaction, an update of the financial targets agreed between the Group and the Investors will be communicated.

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Subject to the finalisation of discussions and the completion of certain conditions precedent applicable prior to or concurrently with the signing of the contractual documentation, the objective is to reach a definitive contractual agreement on the terms of the Transaction by the end of January 2022. In this case, the final completion of the Transaction would then take place several months after the signature of the final agreement, depending on legal and regulatory constraints. The timetable of the main steps envisaged for the implementation of the Transaction following the signature of a binding agreement will be communicated at a later date.

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