Groupe Pierre & Vacances CenterParcs

REGISTRATION DOCUMENT

2016/2017

Including the Financial Report

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Groupe

Pierre & Vacances
Center Parcs

Registration document
2016/2017
INCLUDING THE FINANCIAL REPORT

The Registration Document
from **the www.groupepvcp.com**
website can be consulted and downloaded

AUTORITÉ
DES MARCHÉS FINANCIERS
AMF

This Registration document was filed with the Autorité des Marchés Financiers* on 15 December 2017 in accordance with Article 212-13 of its general regulations. It may be used in connection with a financial transaction if accompanied by a prospectus approved by the Autorité des Marchés Financiers*. This document was made out by the issuer and commits the responsibility of the signatory.

* French market regulator.

PROFIL AND KEY FIGURES

A leading european operator of holiday residences

12,200 employees serving almost **8** million customers

2
COMPLEMENTARY
BUSINESS LINES

PROPERTY DEVELOPMENT

- Design and construction of holiday residences and villages
- Sale of units built to individual (67%) or institutional investors (33%)

TOURISM BUSINESS

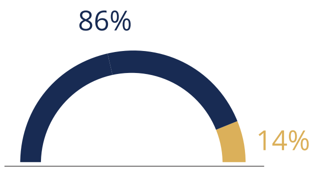
- Operation of residences and villages under a lease or management agreement
- Sale of holidays to French (45%) or international (55%) customers

6
TOURISM
BRANDS

Pierre & Vacances · Center Parcs · adagio APARTHOTEL · VILLAGES NATURE PARIS · maeva.com · Sunparks

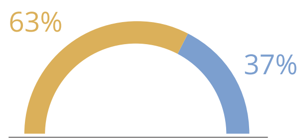
€1,506 million
of revenue in FY 2016/2017

Breakdown of Group revenue by business lines



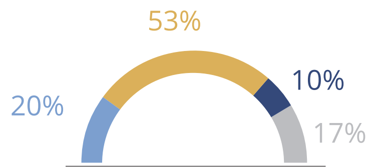
- Tourism
- Property development

Breakdown of Tourism business revenue by activity



- Rental
- Related businesses (events, services, shops, catering, marketing businesses...)

Breakdown of rental revenue by destination



- Countryside (CPE)
- Seaside
- Mountain
- City

50 years of history

1967
Gérard Brémond launches Avoriaz, a new resort concept, with no cars and an architecture which fits in with the surroundings. He offered apartments for sale off-plan on the condition that the buyers rent their property when not in use, taking over the management and upkeep work.

1970 1997
The Group grows by acquiring companies, taking over sites and completing major resort developments such as Cap Esterel, Port-Bourgenay, Port-Crouesty, Pont-Royal, etc.

1999
The Group is floated on the stock exchange, to obtain the funds required to expand in France and abroad.

2000s
Growth intensifies with the acquisition of Orion Vacances, GranDorado (2000), Maeva (2001), Center Parcs Europe (50% in 2001 then 100% in 2003), Résidences MGM (2002), Sunparks (2007), Les Senioriales (2007) and Citéa (2011).

2007
PVCP and Accor come together to develop a network of city residences in Europe under the brand name Adagio City Aparthotel.

2014
PVCP develops a new distribution of online holiday rentals and rental management business through its platform maeva.com

2015
PVCP signs strategic partnership agreements for the development of its activities internationally : in Spain with Eurosic/Lagune and in China with HNA Tourism.

2016
PVCP acquires “La France du Nord au Sud”, a renowned online holiday rentals operator in France and Spain.

2017
A unique tourist destination at the heart of a unique green space opens, located only 32km away from Paris : Villages Nature Paris, a joint-venture with the Eurodisney Group.

277
sites * operated in Europe

44,000
apartments, houses and cottages, by the sea, in the mountains, in the cities and in the countryside, in France (64%) and overseas (36%)

38%
of the tourism sites are eco-labelled or have an environmental certification

* excluding the marketing business, multiple ownership and franchise.

4 Directors
General Management Committee

CHAIRMAN AND CEO
Gérard Brémond

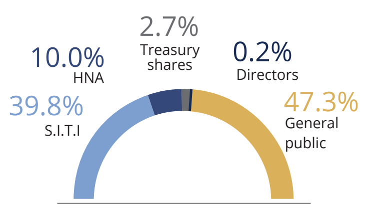
DEPUTY CEOs
Patricia Damerval and Thierry Hellin

TOURISM BUSINESS CEO
Martine Balouka-Vallette

14
Board members

4 Nationalities
5 Independent members
6 Women

Share capital distribution



S.I.T.I: Holding company held by Gérard Brémond

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1

PRESENTATION OF THE GROUP

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1.1 Presentation and evolution of the Group

Established in 1967 by its Chairman and Chief Executive Officer, Gérard Brémond, the Pierre & Vacances-Center Parcs Group is now the **European market leader for holiday accommodation and holiday property investments.**

The Group operates a holiday residence portfolio consisting of almost 44,000 apartments and houses in 277 European destinations, under six brands: Pierre & Vacances, Center Parcs, Sunparks, Villages Nature Paris, Maeva and Adagio.

In 2017, the Group provided accommodation to almost 8 million customers, attracted by a diverse holiday rental offering with «à la carte" services and activities, in residences or villages, in the mountains, at the seaside, in the countryside or in cities, both in France and internationally.

The main feature that sets the Pierre & Vacances-Center Parcs Group apart from other tour operators is that it is both a **property developer and a tourism operator:**

- the Property Development business designs, builds/renovates and sells the residences to individual or institutional buyers;
- the Tourism business operates these sites and sells breaks to European holidaymakers.

1.1.1 The business model

1.1.1.1 Property development supporting the growth of the tourism offer

The holiday residence portfolio is made up of successive external acquisitions (acquisition of Maeva in 2001, takeover of Center Parcs Europe in 2003, acquisition of Sunparks and creation of Adagio in 2007, acquisition of Intrawest in 2009, etc.), lease contracts on existing residences, and is also partly designed and/or renovated by the Group's Property Development departments, which ensures that products are consistent and imposes a quality standard for the Group's tourism offering;

The complementary nature of the Property Development and Tourism businesses provides a dual advantage: these two businesses have separate cycles, which protect the Group from cyclical or industry crises. For customers, the integration of the two provides strong fundamentals such as quality sites and architecture, as well as sustainable and comfortable houses and apartments.

New developments

1. Prospection

The Group's property development and tourism teams work together to define the tourism products and identify land. Prospective regions and products must meet the aspirations of tourist customers while offering an attractive investment option to investors.

2. Marketing

The Property Development programme is marketed on the basis of off-plan sales (French VEFA) to individual and/or institutional investors.

- Individual investors are the traditional owners of the Group. The sale of the properties to these individuals is managed by the property marketing subsidiary, Pierre & Vacances Conseil Immobilier, via a network of dedicated sales professionals, partners and private advisors (banking networks, asset managers and specialist entities).

  While the Group has historically addressed French investors, it has successfully transposed its property sales model to individuals in Europe, as shown in 2012/2013 by the marketing of property at the Center Parcs in Bostalsee (Germany) to German (56%), Dutch (19%), French and Belgian (11% each) investors.
- For some years, at a time when investment by individuals in rental property in France has slowed (less appealing tax incentives), the Group has been adapting its business model by targeting institutional investors (mainly for Center Parcs programmes) in addition to individuals, allowing acceleration of sales.

  These investors, seeking a return on their investments, have large cash reserves and are seeking to diversify their assets. Accommodation units are block-sold to banking institutions or insurance companies.

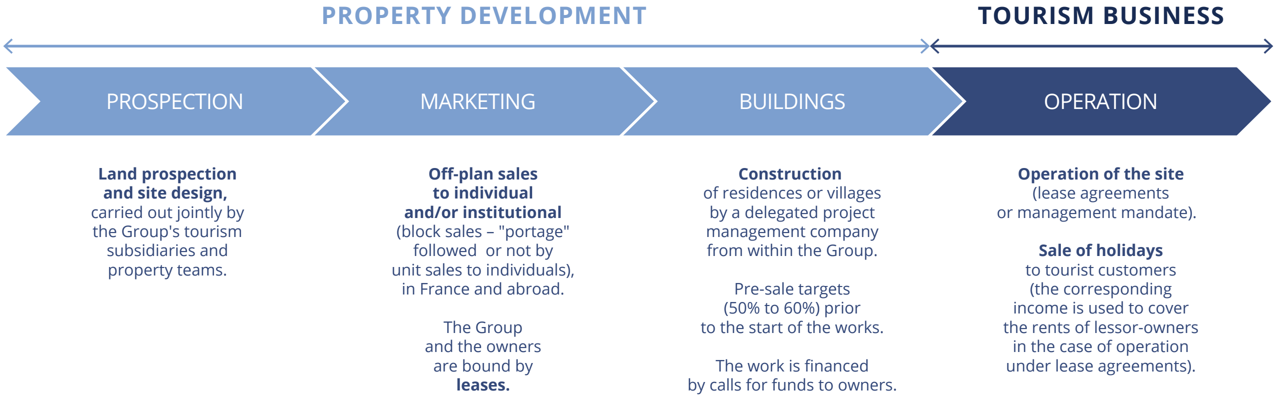
The owners of the properties and the Group's tourism operators are bound by a lease which is usually between 9 and 15 years long.

3. Construction

Residences or villages are built by a delegated project management company from within the Group. Building work may only begin once a minimum part of the assets has been pre-sold (50% in case of sales to individuals).

4. Tourism management

The Group's tourism subsidiaries then take delivery of the new residences, becoming responsible for the day-to-day management of the properties and renting them out to European holidaymakers. Income generated from the leased apartments and houses is used to cover the rents payable to the owners.



Property renovation operations

Regular renovation work at the residences and villages is one of the main pillars ensuring that the brands remain appealing and maintaining them permanently in line with current market trends.

While the Group ensures regular maintenance work on the buildings it operates, renovation works are financed by:

- individual owners for individual leases, at the end of the lease (mostly);
- the Group (triple net leases), or by institutional investors, under the framework of multi-year renovation programmes for institutional leases;
- property renovation operations for the Center Parcs domains, consisting of the resale on behalf of institutional owners, of existing renovated domains to individual investors (off plan unit sales of renovated cottages) and/or other institutional investors (block sales of accommodation and leisure facilities).

Initially launched in France as of 2011 for the Center Parcs Bois Francs and Hauts de Bruyères domains (acquisition by the Group of some of the cottages then owned by Eurosic for renovation, financed by their resale to individuals), property renovation operations are now being developed in Germany, the Netherlands and Belgium.

On 30 September 2017, three domains were under renovation, representing property business volumes of €242 million and works amounting to € 72 million. During 2017/2018, renovation works at the four other domains are due to be launched.

While ensuring the liquidity of institutional owners' investments, the Group renovates its villages in order to move the offer upscale and consequently increase tourism turnover (especially by higher average letting rates), at the same time as retaining a rental level comparable with institutional owners and generating property income.

1.1.1.2 An “asset-light” model

The Group does not aim to be or remain the owner of the assets it operates:

- **The tourist accommodation units** built or renovated by the Group are sold off-plan:
  - as split sales to individual investors (historical business model in France, now also applied in other countries);
  - and/or in blocks to institutional investors (new financing model for large-scale programmes).

Recent examples:

- *the 500 Center Parcs cottages in Bostalsee were sold to individual investors; this was a major achievement in the German market, which does not benefit from any tax incentives to make this type of investment more attractive to individual investors;*
- *80% of the 800 cottages at Center Parcs Bois aux Daims are owned by institutional investors;*
- *783 of the 916 Villages Nature Paris units were sold in an initial block to Eurosic/Lagune (50%), Pierre & Vacances-Center Parcs (37.5%) and Euro Disney (12.5%), before being resold to individual and/or institutional investors.*

Domains stemming from Center Parcs acquisition in 2001 then 2003 are owned by institutional investors.

At 30 September 2017, 67% of the apartments operated under lease agreements were owned by individuals (88% for Pierre & Vacances Tourisme Europe, the vast majority of whose tourist accommodation is in France, and 24% for Center Parcs Europe), and 33% by institutional investors.

- Within the Domains Center Parcs, the **central facilities**, made up of businesses, shops and water parks belong to institutional owners or semi-public companies (which financed their construction as far as new projects are concerned).

Recent examples:

- *the central facilities at Center Parcs Bois aux Daims were financed by a public-private partnership with local government stakeholders, notably the Vienne General Council and the Poitou-Charentes Regional Council;*
- *recreational facilities at Villages Nature Paris were financed by Eurosic/Lagune, the Caisse des Dépôts, CNP Assurances and the Property Investment Fund Delta Loisirs Évasion.*

- As a general rule, in the Pierre & Vacances residences and villages, the Group still owns some of the **commercial premises** (restaurants, bars, seminar rooms, etc.), **general services and leisure facilities** (aquatic centres, sporting facilities, kids' clubs, etc.).

1.1.1.3 Diverse management and tourism development methods

Management under lease agreements, mandates or franchises

Management under lease agreements

Under lease agreements, the lessee (a Pierre & Vacances-Center Parcs Group company) agrees to pay the owner a fixed or variable rent (depending on operating performances) with or without a guaranteed minimum. Profits generated over and above the rental payment belong to the Group. Renovation work is paid for either by the owner/lessor (individual investors), or the Group (for leases concluded with institutional investors).

At the end of the lease, the Group may have to amend the proposal made to the owner when renewing the lease to ensure consistency between changes in the economic environment and the touristic performances and that of the rents.

At 30 September 2017, over 90% of the holiday residence portfolio operated by the Pierre & Vacances-Center Parcs Group was under lease management.

Management under mandate

This involves the owner entrusting the rental of their property to the Pierre & Vacances-Center Parcs Group over pre-defined periods. In this case, the Group acts as a services provider, and invoices management fees. Operating income accrues to the owner.

Since 2016, management under mandate has been on the rise, with the launch of a new rental management offering between individuals within maeva.com (cf. infra). Although this offering is first and foremost aimed at owners who have not renewed their lease with the Group, maeva.com also aims to offer these management mandates to individual investors initially atracted by the services of estate agents or online operators such as Abritel and Airbnb.

Management under mandate is a real driver of growth and performance, and notably enables the Group to retain strategic inventories on quality sites which are not profitable enough.

Franchise

Franchises are favoured by Adagio for its international development. The residence under franchise is managed and operated by a third party and Adagio receives a percentage of the revenue for use of its brand-name.

Development of new activities via maeva.com

With over 700,000 properties available for rent and 9.4 million French holidaymakers occupying them, seasonal rentals are France's leading tourist accommodation. In this context, the Pierre & Vacances-Center Parcs Group developed a holiday sales platform in 2014, with the aim of becoming a major player in online holiday rentals in France and in Spain.

Maeva.com's business model is based on two complementary businesses:

- Rental management on behalf of owners who would like to rent out their holiday apartments;
- Online distribution with a wide tourism offer certified in France and Spain.

A holiday rental distribution business within multi-product and multi-brand tourism structures

Called maeva.com in order to capitalise on the reputation of the brand, the platform markets a wide, certified tourism offering in France and Spain with three distinct product categories:

- Pierre & Vacances residences;
- accommodation provided by third-party partners: holiday residences, campsites, club villages, chalets, etc.;
- apartments and houses marketed by local estate agents.

On 27 April 2016, the Group announced the acquisition of the company "La France du Nord au Sud", a renowned company in online sales in France and Spain, to widen the range of maeva.com products and accelerate its growth. The combined offering of maeva.com, having incorporated "La France du Nord au Sud", now amounts to more than 28,000 accommodation units.

In 2017, the site's sales doubled compared with the previous year: over 130,000 web users booked their holidays with maeva.com.

A new rental management offering

Maeva.com also has a rental management service for owners wishing to rent out their holiday apartment or house. Listed under different categories against specific certification criteria, these assets are then offered to holidaymakers on the maeva.com website.

Maeva.com differs from other companies in the owner-to-lessee rental market thanks to its all-in-one, innovative and lucrative offering (revenue management strategy to optimise rental income, multi-channel distribution on a European network of distribution partners (holidays, property, CE, etc.) and professional, secure management (insurance, key management, maintenance, renovation, etc.) sustained by the experience and professionalism of the on-site teams.

Partnerships to develop business internationally

International marketing of partner residences:

To develop the Pierre & Vacances offering internationally, the Group entered into marketing mandates for some independent partner sites which meet all of the brand's quality and services standards.

In this case, the Group acts as a services provider, and invoices marketing fees. Operating income accrues to the owner.

In 2017, over 110 destinations (in residences or villas) were available, in the sunniest and most beautiful parts of Europe (Croatia, Italy, Spain, Portugal, Greece, etc.) and the exotic beaches of Mauritius. A third of these residences have high-end settings and services, doubling the premium offering of Pierre & Vacances premium. These sites also enable the Group to offer new types of accommodation, such as villas with private pools (Mauritius and Portugal).

Development partnership agreements in China

- On 6 November 2015, HNA Tourism and the Pierre & Vacances-Center Parcs Group entered into strategic partnership agreements with two components:
  - the development of tourism destinations in China inspired by the Center Parcs and Pierre & Vacances concepts through a joint-venture 60% HNA – 40% PVCP. This JV is in charge of the delivery of property development and tourism services on behalf of the investors for each project;
  - HNA Tourism's equity interest in the capital of Pierre et Vacances SA (10% of the capital after the transaction – reserved capital increase subscribed on 30 March 2016), with nomination of two representatives on the Pierre et Vacances SA Board of Directors.

Two companies (100% PVCP) were created to underpin the Group's development in China: the first has a consulting role with the joint venture by providing its expertise and services to design, build and operate tourism projects thereby facilitating their deployment, the other is responsible for marketing the Group's property to Chinese individual investors.

Meanwhile, financing of developments is handled by HNA or third-party partners.

- During 2016/2017 and since 30 September, the Pierre & Vacances-Center Parcs group signed :
  - On 15 June 2017, agreements on the construction of two resorts inspired by Center Parcs in partnership with the HNA Tourism Group, of two residences developed by property developer Riverside, as well as a letter of intent concerning the development of a residence in the Thaiwoo ski station developed by *Chongli Thaiwoo Lifestyle Properties Co. Ltd*.;
  - On 6 September 2017, an agreement on the construction of a residence in the Shanghai region in partnership with *Joyon* ;
  - On 13 November 2017, an agreement on the construction of a resort in the Shanghai-Nanjing region in partnership with *Huijin Holding* ;
  - On 20 November 2017, an agreement on the construction of the residence in the Thaiwoo ski station.

These projects are due to open from 2019/2020.

Development partnership agreements in Spain

In December 2015, the Spanish subsidiary of the Eurosic/lagune Group signed a framework agreement with the Pierre & Vacances-Center Parcs Group to acquire tourism sites to be operated by the Pierre & Vacances-Center Parcs Group and then resold to individual clients.

The aim of this new partnership is to increase the number of sites operated by the Pierre & Vacances brand in Spain.

Under this agreement, Eurosic/lagune acquired four sites in the 2016/2017.

1.1.2 The tourism offering

1.1.2.1 A comprehensive tourism offering

Under its different brand names, the Group offers a wide range of destinations, accommodation and comfort levels. The Group provides "à la carte" services for holiday rentals, so that customers are free to manage their holiday budget and select their preferred activities.

170 sites
19,320 apartments and houses
(26,798 including marketing/multiple ownership and franchise)
96,054 beds

Holiday residences in France, southern Europe and worldwide, in the most attractive seaside resorts, countryside and mountain locations. Fully-equipped apartments or houses and included or "à la carte" services for holidays which combine comfort, freedom and nature.

24 sites
15,457 cottages
78,396 beds

In large holiday sites close to major European cities, spacious and comfortable cottages are arranged around a dome containing shops, restaurants and services as well as the Aqua Mundo water park, providing multiple relaxation and leisure opportunities.

868 accommodation units

An original holiday destination where man meets nature, in a unique forest and lake-land setting, Villages Nature Paris offers the chance to escape fully into five recreational universes and reconnect with nature, family and friends.

82 sites,
9,049 apartments and villas,
23,577 beds

Fully-equipped, spacious apartments with kitchens and hotel services in the heart of European cities and all over the world, for medium to long stays, business or leisure.

2,500 privately-owned apartments, houses and villas under management
54 campsites
60 holiday residences

Launched in April 2014, maeva.com is an accommodation distribution and rental management website. With over 28,000 properties available, maeva.com can offer its customers a wide range of owner-to-lessee accommodations or accommodation within holiday residences and campsites in all regions of France and Spain.

1.1.2.2 A European presence focused on local tourism

One of the Group's distinguishing features is the diverse range of its European destinations, enabling most customers to travel to their holiday destination by car. The aim is to have sites close to large cities to facilitate access to short stays, but also to propose long stays for more traditional holidays.

At 30 September 2017, 64% of the apartments operated by the Group were located in France, 12% in the Netherlands, 7% in Spain, 7% in Germany and 4% in Belgium. The Group also has a presence in other European countries (Switzerland, the UK and Italy), *via* its Adagio residences.

1.1.2.3 Complementary distribution channels

The holiday residence portfolio is marketed through:

- direct distribution (77%), with a proprietary network in France, the Netherlands, Germany and Belgium, which has the advantage of reduced costs;
- indirect distribution (23%), through international agencies and tour operators active in all European countries, which broaden the potential target.

1.1.3 The competitive environment

1.1.3.1 A key player

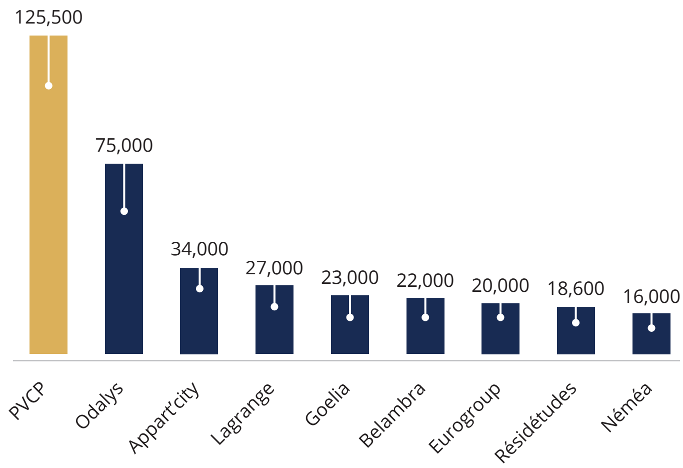
With almost 280 sites, 44,000 apartments and 200,000 beds in Europe, the Pierre & Vacances-Center Parcs Group is the European holiday residence market leader.

- **In France,** with accommodation capacity of 192,000[(1)] units (790,000 beds – 2,292 residences) and an annual occupancy rate of 63% across all destinations, the holiday residence market is one of the main commercial accommodation modes. In 2016, 17 million people visited the holiday residences; 25% of them were international customers.

The Pierre & Vacances-Center Parcs Group has a leading position on the French market: with 105,500 beds, it is the market leader in leisure holiday residences, and, with 20,000 beds, it is no. 2 in the city residences market (after Appart'City).

It faces competition from multiple sources – traditional players (holiday residences – Odalys (75,000 beds), Appart'City (34,000 beds), Lagrange (27,000 beds), Goelia (23,000 beds), Belambra (22,000 beds), – open-air accommodation, etc.) but also online players (specialist companies and C to C – Airbnb, HomeAway, etc.).

Key players in holiday residences in France[(2)]



In such a competitive environment, the Group has been focusing on what sets it apart, i.e. the guarantee of a level of quality that only large brands can provide, flexibility with long and short holidays, customisable themes and offers, various price range (combining transportation, services and activities) and a broad choice of destinations.

- **In Northern Europe,** the main competitors of Center Parcs France are Landal Greenparks (85 villages, or almost 13,700 bungalows in the Netherlands, Germany, Austria, Belgium, etc.) and Roompot (71 parks -900 units-, 13 campsites and 6 hotels in the Netherlands, Germany and Belgium).

(1) Source: Atout France December 2016.
(2) Source: SNRT December 2016.

Pierre & Vacances-Center Parcs also has a **property development business with *Les Senioriales,*** non-medicalised residences for active, independent senior citizens. They are usually sold under property ownership, even if this model is now evolving with the marketing of some residences to institutional investors.

The main rivals in this market are specialist retirement home property developers such as Aegide and Les Villages d'Or, and more general property developers such as Akerys Promotion, Bouwfonds Marignan, Bouygues Immobilier, Cogedim and Nexity.

1.1.3.2 Strong competitive advantages

Its range of complementary and distinguished brands enables the Group to provide a comprehensive and unique offering in furnished rentals with "à la carte" services. Against the current economic backdrop, the Group's **ability to meet the needs of each customer** is a decisive factor, particularly in terms of furnished rentals (fully-equipped apartments and houses), flexibility (length of stays, check-in and check-out days), services and entertainment for all, catering, price and security.

In this regard, the Pierre & Vacances-Center Parcs Group **has many advantages over its competitors:**

- a wide range of European destinations in four different settings: seaside resorts, mountain resorts, countryside and city residences;
- a unique position as the only provider active in the holiday residence, holiday village and city residence segments;
- a strong brand image with wide recognition, an extensive business network and a significant social media presence;
- a balanced portfolio of brand names ranging from a budget offering (Maeva) to premium tourism (e.g.: Pierre & Vacances premium – Center Parcs VIP – Adagio premium);
- local tourism offers low-cost holidays (over 90% of our customers travel to our sites by car) and is less exposed to geopolitical and climatic risks;
- a flexible offering ("à la carte" services, flexible break lengths and check-in and check-out dates);
- a secure offering in comparison with "C2C" options (Airbnb, Homeaway, etc.): 24 hour reception, caretakers and a standardised offering ensures the quality of the apartments and surroundings.

1.2 Risk management

The Pierre & Vacances-Center Parcs Group has carried out a review of the risk factors that may have a significant negative impact on its activities, the profitability of these activities or its income. The Pierre & Vacances-Center Parcs Group has not found any significant risks other than those presented below.

1.2.1 Market risks

The market risks (liquidity risk, interest rate risk and foreign exchange risk) are described in Note 21 of the notes to the consolidated financial statements.

In particular, the Group has carried out a specific review of its liquidity risk and considers that it is able to meet its future maturities.

The activities of the Pierre & Vacances-Center Parcs Group (tourism and property development) depend generally on the economic outlook which, during a downturn, may have an impact on the Group's income. The Group's fundamentals provide a means of resistance to the current economic and financial crisis beyond the independence of tourism and property development market cycles on which the two main activities of the Group are based:

- **the Tourism business** has some unique competitive advantages: it is based on the concept of local tourism, which benefits a European customer base by alleviating the expenses and uncertainty associated with the energy cost of transport, and the diversity of the products, distributed over five main brands in top seaside, mountain, city and countryside locations, mainly in the form of villages and residences meets a very wide range of needs, appealing to different generations and socio-professional categories;
- **as far as property development is concerned,** the measures put in place and described below limit the sensitivity of property development products to changes in the property market. The marketing of apartments managed by the Pierre & Vacances-Center Parcs Group gives investors a guaranteed return on a long-term investment in the underlying property market and constitutes a secure investment alternative to a classic portfolio of securities or real assets.

1.2.2 Specific risks relating to the group's activities

Risk linked to the seasonal nature of the tourism business

The European tourism sector has a **seasonal nature** with considerable changes in business depending on the period (school holidays) and the destination (stronger mountain business in winter and seaside business in summer).

The activity of the residences and villages operated under the Pierre & Vacances and Maeva brands has a clear seasonal nature. It is based around two seasons, a winter season (November to April) and a summer season (May to October), resulting in a structural deficit for the first two quarters of the financial year. Rental revenue generated by these residences and villages in the first half of the 2016/2017 financial year represented only 41% of the annual rental revenue, while fixed operating expenses (including rents) were spread on a straight-line basis across the whole financial year.

The Group endeavours to reduce the seasonality of this business segment by putting in place the following strategic initiatives:

- increasing sales abroad, both in European markets bordering France and in territories further towards Eastern Europe (signing of partnership agreements with foreign tour operators, drafting of partner residence marketing contracts);
- promoting initiatives to increase sales outside the school holidays as a way of leveraging higher occupancy rates in low season with a range of short-stay offers for individuals and business seminars;
- increasing flexibility in terms of the length of stays and arrival and departure dates;
- using pricing which varies according to the different periods, with large differences between high and low seasons;
- targeted advertising campaigns.

The seasonal nature of the Group's tourism business is also lessened thanks to the increased offering of city residences (Adagio & Adagio Access) and the Center Parcs sites (all of which have covered facilities), which are open all year round.

Risk related to the cyclical nature of the property market

The activity of the property development business segment can be sensitive to interest rate variations. In addition to a significant increase in real interest rates, the Group's property sales could be affected by competition from interest-bearing products of the life insurance type.

To reduce its sensitivity to the cyclical nature of the property market, the Group has put in place several measures based mainly on:

- using diversified sales formulae (non-commercial furnished property leasing (LMNP), commercial furnished property leasing (LMP) and Censi Bouvard, etc.) for French private investors, which help boost profit earned by the buyers of apartments in the residences thanks to tax incentives;
- diversification of its investors in geographic terms (British, German, Dutch,...);
- the application of the property sales model to individual investors in Europe: for some years, the Group has been innovating by successfully applying its historic model of selling property to private individuals on cottages at the Center Parcs Domains in Germany, Belgium and The Netherlands;
- public-private partnerships to finance recreational infrastructure and facilities;
- a more flexible cost structure by using external companies for construction and architects' plans, and extending the scope of purchasing to the property business in order to obtain economies of scale.

Inventory risks

Stock risk is linked to the Group's ability to build holiday residences on the land bought, and then market them and sell the buildings quickly. The stock of property programmes are detailed in Note 12 of the notes to the consolidated financial statements.

The marketing method (selling off-plan) and the pre-selling conditions that the Group imposes on itself before starting construction ensure that the land and the completed properties are in stock for a short time. The same thinking applies to sales of existing property renovated by the Group where the stock risk is mitigated by the effective use of the property, generating rental income even when there is no resale.

On average, 82% of developments are sold (see "Principal stock being marketed at 30 September 2017"). Therefore, there are very few unsold units. To sell the remaining units, the Group may decide, on an ad hoc basis, to offer certain benefits to the last few buyers (payment of notary fees, free Pierre & Vacances holidays, etc.) to close the deal.

Credit risk

Because of the multiplicity and diversity of its customers, both in its tourism and property development businesses, the Group does not consider itself exposed to a concentration of customer payment risk, even though of course the disposal of property stock and the level of tourism business can be directly affected by the behaviour of its customers which, in turn, depends on the environment they find themselves in.

Because of the Group's marketing rules concerning the sale of apartments and houses built by the Property Development Division (selling off-plan), the property development business incurs no counter party risk with its customers because, if payment is not received, sales are cancelled at the reservation stage before any transfer of ownership.

In the tourism business, risk of non-payment by customers is low because most of the accommodation revenue is achieved by direct sales (77% for the 2016/2017 financial year), a marketing method in which payment for the service is made in advance of consumption.

In relation to indirect sales, to reduce the risk of a default by a debtor or an unfavourable event in a given country affecting the Group's collection of its customer receivables, the Group policy is to:

- maintain a diversified portfolio of tour operators and travel agencies;
- work only with major market players;
- use contracts drafted by the Legal Department, assisted by its advisers, and check the solvency of the counter-parties.

The Group has therefore always maintained a very low level of unpaid receivables. The average payment time granted to tour operators and travel agencies is 45 days.

Risk relating to rental commitments

The Pierre & Vacances-Center Parcs Group strategy is not to commit its own equity to ownership of the bricks and mortar of the holiday apartments and villages that it operates, so it sells these assets to individual or institutional investors. The sales are accompanied by lease-back agreements signed between the new owners and the Group tourism operating companies usually for between 9 and 15 years. The rents payable by the Group over the remainder of the leases amount to €2,128 million at 30 September 2017, i.e. €1,645 million discounted at a 6% rate (see Note 36 of the notes to the consolidated financial statements – Off-statement of financial position commitments).

Income generated by using the leased apartments and houses for tourism purposes is used to offset these rents payable to the owners which constitute, along with personnel expenses, the main source of fixed expenses associated with the tourism business.

- **Lease agreements for the Pierre & Vacances Tourisme Europe** residences and villages entered into with private or institutional investors are usually signed for between 9 and 12 years with the option of renewal on expiry.

  These rents are subject to indexation clauses corresponding in France to the rent reference index and in Spain to the consumer price index. At 30 September 2017, less than 10% of the individual Pierre & Vacances leases are still indexed to the French construction costs index – ICC (the former reference index), and half of these have a maximum indexation of 2% to 3%. Further, for any new contract signed or any renewal of an expired lease, the indexation to the French rental reference index (IRL) is limited to an annual maximum of 2%.

  At the end of the leases, the Group may have to adjust the proposal put to the owner to ensure consistency between changes in tourism industry performance and changes in property market performance (change of the reference index from the ICC to the IRL, stability or reduction of rents in cash, introduction of variable rents, and in some special cases, operation under management agreements and potentially timely withdrawal from the operation).

- **The agreements to lease the land and buildings of the villages operated under the Center Parcs and Sunparks** brands are generally signed for periods of between 11.5 and 15 years, with the option of renewal. The rents are primarily comprised of a fixed element. They are subject to fixed (2.9%) or variable indexation in line with inflation or the rent reference index applicable in the country in which the assets are located, with, for seven Domaines, minimum and maximum rates usually between 1.75% and 3.75%, depending on the agreement for seven sites.

1.2.3 Legal risks

The Group's Legal and Risk Management department, reporting to the Group's Executive Management, is based in Paris and includes (i) directly within its structure the legal functions for France and southern Europe, and (ii) via a functional link with the local team of attorneys and legal experts, the legal functions of the BNG (Belgium/Netherlands/Germany) business segment. It checks the way the Group's legal and particularly contractual commitments are formed, and monitors the disputes of all the operating subsidiaries.

General risks

Property development

Risk relating to failure to obtain local government authorisations

The legal risk associated with failure to obtain local government authorisations for new programmes is limited to preliminary study costs, pre-selling expenses and internal fees, since the Pierre & Vacances-Center Parcs Group only purchases land if the local government authorisations have been obtained. For programmes undergoing renovation, the Pierre & Vacances-Center Parcs Group may have to acquire former operations already being operated, which generate an income to offset the cost of financing the purchase of the asset.

Nevertheless, the time scales for obtaining the authorisations purged of any third-party recourse can slow down development, and when the project is affected by a lasting dispute (such as the Roybon project), additional expenditure may make the cost of the property development programme significantly more expensive.

Risk relating to construction defects

The construction-sale companies that develop property projects take out the customary insurance to cover the construction risk (developer public liability, civil engineering where appropriate, construction damage) and/or require their subcontractors working on the programmes to take out such policies. The excesses or exclusions of the cover are in line with industry standards. They do not usually take out policies relating to "anticipated operating losses", other than for the largest property development programmes.

Risk relating to ownership of property assets

The Group's policy is not to start work until a very significant proportion of the properties has been pre-sold so that, when the programme is delivered and begins operations, the Group usually does not have full ownership of a significant volume of any property asset.

The legal risk relating to the ownership of managed property does not therefore apply to the Group as such but applies to the co-owners, individuals or legal entities, in the context of co-ownership management, under the terms and conditions of the leases agreed with the Group; these agreements may stipulate for example that certain types of co-ownership expenses are covered by the Pierre & Vacances-Center Parcs Group. This is particularly the case with long-term leases with institutional investors signed by the Group.

Tourism operations and management

Risks relating to tourism operations

The Pierre & Vacances-Center Parcs Group's policy is to apply, as strictly as possible, all regulations applicable to its business of selling holidays and leisure activities, notably those relating to:

- consumer protection (ensuring that the general conditions of sale in the brochures comply with applicable laws and the recommendations of the *Commission des Clauses Abusives* (France's fair trading watchdog); ensuring that the products sold comply with regulatory requirements);
- the safety rules applicable to holiday residences and facilities available to customers (swimming pools, slides, etc.);
- the prohibition of misleading advertising, which requires that the descriptions of the holiday packages sold are truthful;
- the rules protecting the rights of persons who own image rights or other intellectual property rights on works of art (brochures, websites);
- the rules relating to specifically regulated activities or activities for which access is subject to specific conditions of capability or guarantees (co-ownership syndicate activity for the subsidiaries Sogire and SGRT, travel agency activity by the PV-CP Distribution subsidiary, etc.).

Nevertheless, the Group remains dependent on the owners' decisions regarding investment in residences it operates.

The Pierre & Vacances-Center Parcs Group has the resources to comply in principle with all these requirements.

The risks associated with tourism operations relate mainly to the Pierre & Vacances-Center Parcs Group's public liability, property damage (personal injury, material and immaterial damage) and operating losses for which a policy of prevention and cover through insurance policies with the customary caps and excesses is followed.

Labour risks

The Pierre & Vacances-Center Parcs Group – because of its service business – employs a large workforce both at its registered office and in its secondary establishments or at its tourism sites. The Group Human Resources Department works very carefully, under the direction of a member of the Group Executive Management Committee, to comply with the applicable legal requirements both from individual and collective points of view, to ensure that employment always reflects structural business changes. The number of industrial relations disputes remains low. The Group is involved in less than one hundred individual disputes before industrial tribunals and is not involved in any collective disputes (see specific disputes below).

Risks linked to damage to the brand name

These risks may be considered significant particularly in the tourism field. Specifically, in addition to the direct damage, an event may prejudice the Pierre & Vacances-Center Parcs Group's image and can negatively impact its results, a phenomenon that may be amplified by the development of social networks.

That is why the Pierre & Vacances-Center Parcs Group has set up a special organisation to deal with any situation likely to endanger its personnel, its customers, its interests and/or its reputation.

This specific crisis management system consists of a specifically dedicated, multi-disciplinary team headed by the Operational Risks Department.

In addition, the Pierre & Vacances-Center Parcs Group has an IT application, internal resources and procedures that help to ensure constant monitoring of information published on the web which could harm its "e-reputation".

Industrial and environmental risks

The Pierre & Vacances-Center Parcs Group's activities are likely to be influenced by climatic and environmental conditions affecting the property sites and are exposed to risks of property damage and personal injury caused by incidents such as fire, explosions and spillage of maintenance products, etc.

The Group has introduced a prevention plan led by the Operational Risks Department and intended to limit the occurrence and consequences of such risks as far as possible. The Group's integrated risk management tool, "Health, Safety and Environment", enables regular site self-assessments which result in action plans and internal audits. A team of experts provides help, assistance and support to the teams in the field. In the tourism business, the wide range of operating sites by the sea, in the mountains, in town centres and in the country means that the potential impacts of climatic and environmental risks can be reduced, particularly external risks or environmental disasters outside the Group's control, be they natural or industrial incidents (such as industrial accidents or oil spills for example). As far as property development is concerned, development time scales and/or costs can be affected by climatic and geological conditions. The Pierre & Vacances-Center Parcs Group prevents these risks as much as possible by conducting preliminary ground surveys before the building land is bought and seeks to pass on to companies performing the building work its commitments relating to possible legitimate causes for work being suspended.

Adapting to climate change is also a challenge for the Group and the measures undertaken as part of the CSR policy contribute to this. A carbon footprint helped identify the major sources of greenhouse gas emissions in the 1-3 scopes: energy consumption, construction and renovation works are the major sources of emissions on which the Group has direct action levers. Measures are taken in consequence. In the operational phase, actions aimed at reducing energy consumption have been implemented at all of the sites. They are monitored by internal tools (ICARE and BEST - see page 94) as well as labels and certifications (Green Key label and ISO 50 001 - see page 94). At Center Parcs, a commitment to reduce energy consumption at the sites by 25% by 2022 has been set, while a decline of 11% was recorded this year relative to 2010. The use of renewable energies is also favoured for all of the brands. Green electricity contracts cover 100% of Center Parcs and Sunparks' energy requirements in the Netherlands and Belgium, 38% at the Center Parcs located in Germany, and almost 90% of the Pierre & Vacances residences in France (see page 90). The share of renewable energy in overall energy consumption now stands at 12% at Center Parcs and the Group has committed to increasing this to 20% by 2022.

Under the framework of new projects, renewable energies are systematically studied (connection to methanisation projects, wood heating systems geothermal energy etc.). Villages Nature® Paris reflects progress towards a low carbon- renewable energy at a large-scale tourism site, with geothermal energy covering all requirements for hot water and heating at the entire site and also supplying some of the heating for the neighbouring Disney parks. Finally, under the framework of renovation works, measures have been taken when possible to improve insulation in the buildings. Aware that the effects of climate change could have commercial repercussions, the Group's Risk Department has also undertaken a study about the client's sensitivity to climatic variations; this is a first stage in integrating the subject (see page 90). A study into the financial risks associated with climate change is to be undertaken.

Description of ongoing disputes

The project to build a Center Parcs in the community of Roybon in Isère has been opposed by a number of associations (see Note 12 of the appendix to the consolidated accounts).

Beyond these procedures, as at 30 September 2017 and for the past 12 months, no governmental, legal or arbitration procedure (including all procedures of which the Group is aware that are suspended or from which it is threatened) presents, either individually or globally, a significant risk to the Group's finances or profitability.

Each dispute is monitored and analysed by the Group's Legal Department which, if necessary, assesses the potential cost on a case-by-case basis with the help of external attorneys and experts. A provision for the estimated cost of the risk is recognised in the individual financial statements of the various entities involved.

The amount of provisions for disputes at 30 September 2017 is detailed in Note 17 – Provisions of the notes to the consolidated financial statements.

Property development

The risks currently managed on behalf of its wholly-owned subsidiaries, notably property development companies, are not significant for the Pierre & Vacances-Center Parcs Group.

- The Group is managing disputes relating to builders' liability. Claims have been made against the insurance policies taken out by the property development companies.
- The Group is also managing a number of disputes relating to contested end-of-work balances with companies or sub-contractors whose liability is in question as a result of sub-standard work.
- The Group is also managing a number of disputes relating to property sales (alleged non-compliance with plans or commercial documents). Such disputes are rare and the Pierre & Vacances-Center Parcs Group has a policy of favouring an amicable solution to this type of problem whenever possible.

Operation and management of tourism activities

- Disputes with customers: out of more than 1 million weeks sold per year, the Group deals with on average less than 20 legal disputes before the local or district courts, depending on the scale of the dispute. All other customer disputes are usually settled amicably.
- Disputes with property owner investors: out of over 23,000 joint ownership plots located on the sites managed, the Group is involved in a certain number of legal disputes before the local or district courts, depending on the scale of the dispute. These disputes concern the conditions for renewal of leases and the payment terms of rent and charges.
- Disputes with tourism industry professionals: the Pierre & Vacances-Center Parcs Group is in the process of recovering money from tourism professionals, generally small ones, with cash flow difficulties.
- Disputes with service providers: the Group uses a number of service providers to supply particular services (catering, entertainment, maintenance, information technology, etc.), so some of them may default on their commitment and/or cause their payment to be disputed.
- Regulated activities: as a member of co-ownership syndicates, the Group may be involved either as a plaintiff or defendant, in co-ownership disputes in which the syndicate may – in some cases – be considered liable. The corporate liability insurance of the syndicated companies of the Pierre & Vacances-Center Parcs Group is always brought into these disputes and the insurer is involved.

Risks of regulatory changes

The business activities of the Pierre & Vacances-Center Parcs Group are governed by the legal and regulatory corporate and property law framework including provisions on consumer or tenant protection which changed during the 2013/2014 financial year, notably the "Hamon I and Hamon II", "Pinel" and "ALUR" laws. In addition to its involvement in professional tourism and property development bodies, the Group, via its Legal Department, monitors legal changes which may affect its commitments and obligations so as to adapt its contractual practices and tools to the new rules and standards in force, which did not lead to any major effect on its performance being identified.

Risk insurance and cover

Insurance policy is defined at Group level, including BNG, by the Risk Management section reporting to the Legal Department.

The overall budget allocated to this cover was €5 million (excluding construction) for the 2016/2017 financial year, a stable figure in terms of premium volumes and coverage levels compared with the previous financial year.

Most of this budget goes on all-risks insurance covering operation of the tourism sites against damage and operating losses for all brands.

The Pierre & Vacances-Center Parcs Group is covered against property damage and operating losses with a contractual compensation limit of €200 million per claim.

Furthermore, a second excess line, to cover the Center Parcs Domaine du Lac d'Ailette village, has been taken out to take the contractual compensation limit to €250 million per claim, corresponding to the valuation of the Maximum Possible Claim for this new site.

The level of cover set for operating losses reflects the time required for the total reconstruction of a major site.

Property insurance covers the maximum realistic claim possible on sites with the highest concentration of value.

There are still a number of types of risk that may affect the Group's income which are not covered by the policies taken out, specifically:

- uninsurable risks: the Group is obviously not covered for risks to which common, regulatory or structural exclusions apply in insurance contracts, such as: risks without hazards, loss of operating profit as a result of strikes, dam failure in the Netherlands, pandemics, as well as the consequences of intentional misconduct or liability as a result of failure to honour contractual obligations, etc.;
- special risks which are not included under any specific cover, such as risks of operating losses as a result of economic or political instability, etc.

As far as risks associated with terrorism are concerned, these are covered, for a significant proportion of the Group's tourism business, firstly, through the GAREAT regulations (a French national arrangement covering acts of terrorism) for sites located in France (including the five French Center Parcs sites) and, secondly, by a specific insurance cover relating to all the Center Parcs Europe villages.

As regards the risks of property damage and operating losses, the insurance companies Royal Sun Alliance and Allianz are the leading insurers with which the Group has taken out policies.

Royal Sun Alliance is the main insurer in the blanket cover programme for public liability.

The Group does not have a captive insurance or reinsurance company.

1.2.4 IT risks

The business activities of the Pierre & Vacances-Center Parcs Group require significant IT equipment (central systems, PCs, laptops, networks, etc.) which is managed centrally at the head office in Paris by the Operational Innovation and Information Systems Department to plan the necessary updates and replacements due to obsolescence of the hardware and developments of new technology solutions essential to its activities. This Department is responsible for organising and securing systems and networks to offer maximum protection for the Group's personal and financial data against malicious acts and intrusion. Therefore, it has a specific Information Systems Security business segment and manages a formal Disaster Recovery Plan (DRP) which is regularly tested so that applications identified as critical are able to restart within an acceptable timeframe, in case a major problem occurs affecting the systems.

1.2.5 Major contracts

During the last three financial years and at the date of this Registration Document, the Group has not concluded any major contracts, other than those agreed in the normal course of business, that confer a major obligation or commitment on the whole Group.

The off-statement of financial position commitments are provided in Note 36 of the notes to the consolidated financial statements.

1.2.6 Risk of departure of key personnel

The risk of key personnel leaving exists in any company, and the departure of managers or employees responsible for essential company functions or who possess strategic and operational skills relating to whole parts of the business is likely to have a negative impact on results.

As is more fully explained in the "Chairman's report on the organisation of the Board and the internal control procedures", the conduct and management of the Pierre & Vacances-Center Parcs Group is organised around various decision-making bodies. The collegial nature of the other decision-making bodies, the frequency of their meetings and the high delegation level assigned to them and the implementation of dedicated governance and business continuation plans ensure, with the involvement of the internal control departments, the conduct and management of the Pierre & Vacances-Center Parcs Group to continue its founding and prudential principles already in place, despite the temporary or permanent unavailability of members of the Group's Executive Management Committee/COMEX, or of the Chairman-Chief Executive Officer.

1.3 Comments on business activities for the financial year

1.3.1 Highlights of the financial year

Significant events of FY 2016/2017 are described in Part 4 of the Registration Document, pages 118-119 and 171.

1.3.2 Group financial position

Preamble:

IFRS 11 "Joint Arrangements" involves the consolidation of joint ventures (primarily the Adagio and Villages Nature Paris partnerships) using the equity method rather than the proportionate consolidation method. The Group's operational reporting continues to consolidate joint ventures using the proportionate method, considering this presentation to be a better reflection of its performance measurement. Income statement items and business indicators commented on below are taken from such operational reports. The IFRS income statement reconciliation tables are presented in section 1.3.2.2.

1.3.2.1 Group revenue

Group revenue for the full financial year (1 October 2016 to 30 September 2017) was €1,506.3 million.

(in € millions)	2016/2017	2015/2016	Change	Change at constant scope**	Change excluding offering effects***
Tourism business	**1,302.6**	**1,253.4**	**+3.9%**	**+3.0%**	
Pierre & Vacances Tourisme Europe	637.9	609.4	+4.7%	+2.8%	
Center Parcs Europe*	664.7	644.0	+3.2%		
of which rental revenue	**822.5**	**811.4**	**+1.4%**		**+2.4%**
Pierre & Vacances Tourisme Europe	*390.1*	*392.5*	*-0.6%*		*+1.6%*
Excluding Adagio			*-1.3%*		*+2.8%*
*Center Parcs Europe**	*432.4*	*419.0*	*+3.2%*		*+3.1%*
Property Development	**203.7**	**170.8**	**+19.2%**		
TOTAL, FINANCIAL YEAR	**1,506.3**	**1,424.2**	**+5.8%**	**+4.9%**	

* *Including Villages Nature, whose revenue is not significant for the 2016/2017 financial year.*
** *Restated for the impact of the acquisition, on 13 April 2016, of "La France du Nord au Sud".*
*** *Restated for the impact:*
- of the net reduction of the operating portfolio for the PVTE segment, due to the non-renewal of leases and the withdrawal from loss-making sites;
- of the opening of Villages Nature on 1 September 2017.

- Revenue from tourism activities totalled €1,302.6 million, an increase of 3.9% (+3.0% at constant scope of consolidation) compared with the previous financial year.

  Rental revenue grew by +2.4% excluding offering effects, primarily as a result of the increase in average net sale prices. International customers represented 55% of the Group's rental revenue, an increase of +2.4% compared with the previous financial year.

  - **Pierre & Vacances Tourisme Europe** generated revenue of €637.9 million, including €390.1 million in rental revenue.

    The growth benefited all destinations outside of city residences, for a 2.8% increase in rental revenue excluding offering effects: +1.8% on seaside destinations, including strong performances for the Spanish residences and an average occupancy rate of over 85% during the summer period, and +4.9% on mountain residences.

    The recovery of the business of the Adagio residences over the summer, which has been confirmed by the level of reservations as of the first quarter of 2017/2018, has helped to offset a more difficult beginning of the financial year in a context of continuing terrorist attacks and threats. Thus, rental revenue has grown slightly over the entire 2016/2017 financial year.

  - **Center Parcs France** generated revenue of €664.2 million (excluding Villages Nature), including €432.0 million in rental revenue, up 3.1%.

    This growth in business resulted from the "Domaines" in Germany (+6.9%), the Netherlands (+4.9%) and Belgium (+1.8%), and from a slight growth of those in France (+0.3%).

  Revenue from other tourism business, which includes, in particular, the business volumes generated by marketing activities, totalled €480.1 million, an increase of +5.9% at constant scope. This growth concerns both Pierre & Vacances Tourisme Europe (+8.6%), led by the development of maeva.com and of international marketing agreements, and Center Parcs Europe (+3.2%).

- Revenue from property development totalled €203.7 million, slightly higher than forecasts.

This revenue results primarily from the contribution of Villages Nature Paris (€37.3 million), from the extension of Domaine des Trois Forêts in Moselle (€35.9 million), from PV Deauville (€11.8 million) and PV Méribel (€6 million), and from the Senioriales residences (€66.7 million).

Property reservations registered with individual investors represented a business volume of €311.5 million, corresponding to a comparable sales rhythm to that of the previous year.

Tourism Business

Key indicators

(in € millions)	2016/2017	2015/2016	Change
Revenue	**1,302.6**	**1,253.4**	**+3.9%**
rentals	822.5	811.4	+1.4%
including ancillaries(1)	480.1	442.0	+8.6%
Average Net Letting Rate (ALR)(2) *(in €)*	**659**	**647**	**+1.8%**
No. of weeks sold	**1,248,827**	**1,253,787**	**-0.4%**
Occupancy rate	**72.0%**	**71.1%**	**+1.2%**

(1) Catering, events, mini market, stores, marketing, etc.
(2) Average letting rate per week of accommodation net of distribution costs.

Average net letting rates were up 1.8%. The rate increases concerned both Center Parcs Europe (4.4%) and Pierre & Vacances Tourisme Europe destinations, excluding city residences (2.1%). Average net sale prices of the Adagio residences, on the other hand, decreased (-4.5%), reflecting a commercial strategy that emphasised occupancy rates following a 2015/2016 financial year that was strongly affected by the terrorist attacks.

The number of weeks sold remained near stable (-0.4%), in a context of lower marketed inventory (the number of weeks offered decreased by -2.0%).

The occupancy rate was 72%, an increase of +1.2%, led by the Adagio residences (+4.4%) and Seaside destinations (+3.0%).

Characteristics of the holiday residence portfolio operated at the end of the financial year

(by number of apartments)	2016/2017	2015/2016	Change
Pierre & Vacances Tourisme Europe	**28,369**	**29,719**	**-1,350**
o/w Pierre & Vacances (excluding premium label) France	13,203	14,238	-1,035
o/w Pierre & Vacances premium France	2,666	2,717	-51
o/w Pierre & Vacances Spain	3,127	3,053	+74
o/w Maeva	324	523	-199
o/w Adagio and Adagio access	9,049	9,188	-139
Center Parcs Europe	**15,457**	**15,404**	**+53**
o/w Center Parcs	13,754	13,701	+53
o/w Sunparks	1,703	1,703	0
Villages Nature	**288**	**0**	**+288**
TOTAL	**44,114**	**45,123**	**-1,009**

The holiday residence portfolio managed by the Group at 30 September 2017 fell by almost 1,000 apartments compared with 30 September 2016. This reduction is mainly due to:

- withdrawals from Pierre & Vacances residences in France (-547 apartments) and Spain (-138 apartments), and from Adagio access (-260 apartments) and Maeva (-116 apartments) residences;
- loss of leases on the Pierre & Vacances brand in France (-488 apartments), and on the Maeva (-83 apartments) and Adagio (-25 apartments) brands;
- which partially offset the effect of the opening two new residences in Spain (212 apartments), of a new Adagio residence in Edinburgh (146 apartments), of the expansion of Domaine des Trois Forêts (partial opening of 53 cottages) and of Villages Nature (partial availability of 288 lodging units).

Breakdown of Group rental revenue by customer origin

	Pierre & Vacances Tourisme Europe		Center Parcs Europe		Total*	
	2016/2017	2015/2016	2016/2017	2015/2016	2016/2017	2015/2016
France	60.7%	61.6%	30.6%	31.8%	44.9%	46.2%
The Netherlands	3.5%	3.6%	23.8%	24.3%	14.2%	14.3%
Germany	3.0%	3.1%	26.2%	24.5%	15.2%	14.1%
Belgium	3.3%	3.3%	12.9%	12.9%	8.4%	8.3%
UK	7.1%	7.0%	2.3%	2.6%	4.6%	4.8%
Spain	5.2%	3.9%	0.0%	0.0%	2.5%	1.9%
Russia & Eastern European Countries	2.1%	2.0%	ND**	ND**	ND**	ND**
Italy	1.5%	1.5%	0.0%	0.0%	0.7%	0.7%
Scandinavia	1.5%	1.5%	0.4%	0.4%	0.9%	1.0%
Switzerland	1.1%	1.2%	ND**	ND**	ND**	ND**
Other	11.0%	11.3%	3.8%	3.5%	8.6%	8.7%

* *Excluding Villages Nature.*
** *Not determined.*

The majority of the Group's rental revenue is generated by foreign customers (55.1%), including German (15.2%), Dutch (14.2%), and Belgian (8.4%) customers, mainly due to the presence of Center Parcs Europe in the Netherlands (8 villages), Germany (5 villages) and Belgium (6 villages).

Analysis of revenue by resort/country

Pierre & Vacances Tourisme Europe

Number of apartments	2016/2017	2015/2016	Change
Seaside	13,171	14,012	-841
Mountain	5,300	5,668	-368
French West Indies	849	851	-2
Cities	9,049	9,188	-139
TOTAL	**28,369**	**29,719**	**-1,350**

Rental revenue *(in € millions)*	2016/2017	2015/2016	Change	Change excluding offering effects
Seaside	152.2	152.9	-0.5%	+2.0%
Mountain	83.0	85.4	-2.8%	+4.9%
French West Indies	14.4	14.4	-0.6%	-0.6%
Change excluding cities			***-1.3%***	***+2.8%***
Cities	140.6	139.7	+0.6%	-0.4%
TOTAL	**390.1**	**392.4**	**-0.6%**	**+1.6%**

Average net letting rates (for a week's rental) *(in € before VAT)*	2016/2017	2015/2016	Change
Seaside	555	540	+2.8%
Mountain	837	824	+1.6%
French West Indies	699	702	-0.4%
Change excluding cities			***+2.1%***
Cities	483	506	-4.5%
TOTAL	**570**	**574**	**-0.8%**

	Number of weeks sold			Occupancy rate		
	2016/2017	2015/2016	Change	2016/2017	2015/2016	Change
Seaside	274,144	283,220	-3.2%	65.4%	63.5%	+3.0%
Mountain	99,124	103,572	-4.3%	80.1%	80.5%	-0.4%
French West Indies	20,552	20,587	-0.2%	61.5%	61.7%	-0.3%
Change excluding cities			***-3.3%***			***+2.0%***
Cities	291,158	276,091	+5.3%	77.1%	73.6%	+4.4%
TOTAL	**684,978**	**683,471**	**+0.2%**	**71.6%**	**69.4%**	**+3.0%**

Center Parcs Europe

Number of apartments	2016/2017	2015/2016	Change
The Netherlands	5,357	5,372	-15
France	4,272	4,204	+68
Belgium	3,029	3,029	0
Germany	2,799	2,799	0
TOTAL	**15,457**	**15,404**	**+53**

Rental revenue *(in € millions)*	2016/2017	2015/2016	Change
The Netherlands	139.5	133.0	+4.9%
France	149.6	149.1	+0.3%
Belgium	69.8	68.6	+1.8%
Germany	73.0	68.3	+6.9%
TOTAL	**432.0**	**419.0**	**+3.1%**

Average net letting rates (for a week's rental) *(in € before tax)*	2016/2017	2015/2016	Change
The Netherlands	700	664	+5.5%
France	997	961	+3.7%
Belgium	663	639	+3.9%
Germany	672	637	+5.5%
TOTAL	**767**	**735**	**+4.4%**

	Number of weeks sold			Occupancy rate		
	2016/2017	2015/2016	Change	2016/2017	2015/2016	Change
The Netherlands	199,249	200,419	-0.6%	73.4%	74.6%	-1.7%
France	150,170	155,221	-3.3%	71.4%	73.9%	-3.4%
Belgium	105,219	107,414	-2.0%	68.6%	69.1%	-0.7%
Germany	108,676	107,263	+1.3%	77.1%	75.1%	+2.7%
TOTAL	**563,314**	**570,317**	**-1.2%**	**72.6%**	**73.4%**	**-1.1%**

Property Development

Breakdown of property development revenue by programme

(in € millions)	30/09/2017	30/09/2016
New programmes (excluding Les Senioriales)	**102.6**	**76.8**
Villages Nature Paris	37.3	20.6
Center Parcs Domaine des Trois Forêts – Expansion	35.9	15.4
Pierre & Vacances premium Deauville	11.8	5.5
Pierre & Vacances Premium Meribel	6.0	0.0
Center Parcs Domaine du Bois aux Daims (Vienne)	4.2	8.0
Adagio Access Lille	3.9	0.0
Adagio Access Palaiseau	3.3	0.0
Pierre & Vacances Manilva (Spain)	0.2	20.3
Pierre & Vacances premium Flaine	0.0	3.8
Pierre & Vacances premium Colmar	0.0	3.2
New Les Senioriales programmes	**66.7**	**64.2**
Renovation programmes	**0.3**	**1.0**
Other	**34.1**	**28.8**

Revenue from new programmes (including Les Senioriales) amounted to €169.3 million compared with €141.0 million in 2015/2016. This result was due in particular to:

- Villages Nature Paris, with the first tranche of 916 apartments and houses (of which a block of 783 were sold to a company owned by EUROSIC, PVCP and EURO DISNEY and resold to private investors). The *Declaration of Completion of Work* (DAT)[3] for these accommodation units was conducted in part during the summer of 2017;
- the expansion of Center Parcs des Trois Forêts in Moselle with 163 new cottages, sold off-plan to the MACSF group in March 2016. The DAT for these cottages took place in September 2017;
- the Pierre & Vacances premium programme in Deauville, the delivery of which is scheduled for 2018, and Pierre & Vacances Méribel, the delivery of which is scheduled for the winter of 2019;
- Center Parcs Domaine du Bois aux Daims in Vienne, which opened to the public in July 2015;
- Les Senioriales, including 3 programs delivered during the year (Dijon, Médis and Bruges).

Revenue from renovation programmes represented €0.3 million in 2016/2017, mainly resulting from the completion of sales of the Domaine Center Parcs des Hauts de Bruyères in Sologne.

"Other" revenue stood at €34.1 million for the financial year. This is mainly composed of (i) marketing fees for renovations on behalf of institutional and individual investors in the Center Parcs programmes in the Netherlands, Belgium, and Germany, (ii) non-Group marketing fees for the Villages Nature Paris programmes in France, and (iii) reversals of cost-sharing contributions for property programmes already delivered.

Deliveries (number of units)

	New (N)	No. of accommodation units 2016/2017	No. of accommodation units 2015/2016
Domaine des Trois Forêts Expansion – Cottages	N	163	0
TOTAL CENTER PARCS FRANCE		163	0
Colmar	N	0	96
TOTAL ADAGIO		0	96
Villages Nature	N	551	0
TOTAL VILLAGES NATURE		551	0
TOTAL LES SENIORIALES		209	439
OVERALL TOTAL		**923**	**535**

(3) French "Déclaration d'Achèvement des Travaux".

Property reservations including VAT

	2016/2017	2015/2016	Change
Property reservations excluding block sales			
New			
Reservations *(in € millions)*	139.6	187.9	-25.7%
Number of apartments	645	681	-5.3%
Average price *(in € thousands)*	216.4	275.9	-21.6%
Re-sales(1)			
Reservations *(in € millions)*	48.2	50.8	-5.1%
Number of apartments	342	377	-9.3%
Average price *(in € thousands)*	140.9	134.7	4.6%
Les Senioriales			
Reservations *(in € millions)*	123.7	90.2	37.1%
Number of apartments	570	433	31.6%
Average price *(in € thousands)*	217.0	208.4	4.1%
TOTAL EXCLUDING BLOCK SALES			
Reservations *(in € millions)*	**311.5**	**328.9**	**-5.3%**
Number of apartments	**1,557**	**1,491**	**4.4%**
Average price *(in € thousands)*	**200.0**	**220.6**	**-9.3%**
Property reservations – block sales			
Reservations *(in € millions)*	194.8	431.6	-54.9%
o/w CP Allgau		*356.5*	
Number of apartments	876	1,496	-41.4%
o/w CP Allgau		*1,000*	
Average price *(in € thousands)*	222.4	288.5	-22.9%
TOTAL			
Reservations *(in € millions)*	**506.3**	**760.5**	**-33.4%**
o/w CP Allgau		*356.5*	
Number of apartments	**2,433**	**2,987**	**-18.5%**
o/w CP Allgau		*1,000*	
Average price *(in € thousands)*	**208.1**	**254.6**	**-18.3%**

(1) The Group's re-sale business is a means of stimulating a secondary market of apartments operated by the Pierre & Vacances Group. Owners wishing to sell their property can contact the Group, which puts them in contact with potential buyers interested in purchasing a property with a Group lease. This business generates commission of around 5% on the selling price.

Reservation contracts enable buyers to pay a deposit to reserve a property asset currently being built or renovated with a seller.

Group and non-Group property development revenue (value of reservations signed over the financial year, net of cancellations during the same period) reached €506.3 million, corresponding to 2,433 reservations, compared with €760.5 million (2,987 reservations) in 2015/2016.

This revenue includes:

- €97 million of block sales (339 cottages, 111 hotel rooms and central facilities) as part of the renovation of Center Parcs Hochsauerland in Germany to the Eurosic group;
- €11.5 million from the block sale of 94 renovated cottages at Port Zélande in the Netherlands to a consortium of investors led by the Atream group;
- €30.3 million as part of the sale to institutional investors (Hexapierre and La Française) of two Villages Nature blocks for a total of 84 units;
- €56.0 millions of block sales in Senioriales residences to various institutional investors, for a total of 248 units at three sites.

In 2015/2016, business volumes notably included €356.5 million in block sales of cottages (1,000 housing units) at the future Center Parcs Allgaü in Germany (Bade-Wurtemberg) to the Eurosic (750 units) and La Française (250 cottages) groups.

Corrected for this sale, total reservations revenue for the 2016/2017 financial year grew by 25%.

Excluding block sales, reservations were worth €311.5 million, corresponding to 1,557 units reserved, compared with €328.9 million (1,491 units) in 2015/2016.

Principal stock of apartments marketed at 30 September 2017

Programmes	New/Renovation	Year of opening	No. of units	% reserved
Excluding third-party marketing				
Deauville Presqu'île de la Touques	N	2018	133	53%
Méribel	N	2019	95	29%
Lille	N	2019	79	91%
Villages Nature Paris 1	N	2017	916	89%
Les Senioriales			3,818	83%
Third-party marketing				
Vielsalm	R		350	79%
Hochsauerland	R		548	78%
Nordseeküste	R		345	80%
TOTAL GROUP			**6,284**	**82%**

1.3.2.2 Group results

	2016/2017			2015/2016
(in € millions)	Excluding Villages Nature	Villages Nature	Total	
Revenue	1,468.5	37.8	1,506.3	1,424.2
Tourism business	*1,302.1*	*0.5*	*1,302.6*	*1,253.4*
Property development	*166.4*	*37.3*	*203.7*	*170.8*
Operating profit (loss) from ordinary activities	**49.7**	**-37,3**	**12.4**	**32.4**
Tourism business	*37.1*	*-12.9*	*24.3*	*25.1*
Property development	*12.5*	*-24.4*	*-11.9*	*7.3*
Net financial income (expenses)*	-15.9	-1.3	-17.2	-18.8
Other operating income/expenses net of tax	-6.0	-0.6	-6.6	-6.1
Share of net income (loss) of equity-accounted investments	-2.0	2.1	0.1	0.6
Taxes	-17.4	1.1	-16.3	-9.8
Net income before items relating to the ORNANE	**8.3**	**-36.0**	**-27.7**	**-1.8**
Income statement items related to the ORNANE				
Change in fair value			-15.7	-5.7
Partial conversion loss			-13.4	
Net income			**-56.7**	**-7.5**
Attributable to owners of the Company			*-56.7*	*-7.4*
Non controlling interests			*0.0*	*-0.1*

* *Excluding costs of the partial redemption of the ORNANE.*

Results for the 2016/2017 financial year were affected by non-recurring costs relating to the opening of Villages Nature, namely:

- an operating loss of €12.9 million including, as well as the usual pre-opening expenses of €7 million (marketing, personnel costs, etc.), additional costs attributable to the delayed opening;
- additional property development costs of €24.4 million resulting from additional costs/delays in relation to operations and to supplementary qualitative services.

Excluding these exceptional costs:

- Operating profit (loss) from ordinary activities totalled €49.7 million, a significant increase compared with 2015/2016 (€32.4 million).

- Current operating profit from the tourism business stood at €37.1 million, an increase of more than €10 million compared with the previous financial year.

  This resulted in particular from the growth in business excluding offering effects (+€14 million), the positive effect of the net contribution of the reduction in Pierre & Vacances Tourisme Europe inventory as part of the renewal of leases (+€3 million) and the growth in the contribution of maeva.com's activities and the international marketing agreements (+€2 million). These gains more than offset the impact of inflation on expenses (estimated at -€9 million).
- Operating profit (loss) from property development activities totalled €12.5 million.

It includes, in particular, the contribution of property development activities relating to the renovation programmes at the Domaines Center Parcs in Germany, the Netherlands and Belgium.

- Other expenses and income net of taxes mainly include the following non-recurring items:
  - €4 million in restructuring costs and closure costs from loss-making sites;
  - €2 million in costs relating to communications expenses for the Group's 50th anniversary.
- Net income amounted to +€8.3 million, before taking into account items relating to the ORNANE (early redemption costs and changes in the fair value of the option component, related to the increase in the Pierre et Vacances share price).

Reconciliation table – IFRS income statements

(in € millions)	Financial Year 2016/2017 operational reporting	Change in the ORNANE fair value	Partial conversion loss ORNANE	Tax on other operating income/ expense	IFRS 11 adjustments	2016/2017 IFRS
Revenue	1,506.3				-81.0	1,425.3
Operating profit (loss) from ordinary activities	**12.4**				**+31.9**	**44.3**
Other operating income and expenses	-6.6			-0.9	+1.3	-6.2*
Net financial income (expenses)	-17.2	-15.7	-13.4		+1.3	-45.0
Share of net profit in joint-ventures	0.1				-34.5	-34.4
Income tax	-16.3			+0.9	0.0	-15.4
Items relating to the ORNANE						
Change in fair value	-15.7	+15.7				0.0**
Partial conversion loss	-13.4		+13.4			0.0
NET INCOME	**-56.7**	**0.0**	**0.0**	**0.0**	**0.0**	**-56.7**

* *Gross of tax.*
** *The change in the fair value of the ORNANE's right to the allocation of shares is included in the IFRS financial income.*

(in € millions)	Financial Year 2015/2016 operational reporting	Change in the fair value of ORNANE	Cost of early redemption of the syndicated loan	Tax on other operating income/ expense	IFRS 11 adjustments	2015/2016 IFRS
Revenue	1,424.2				-51.6	1,372.6
Operating profit (loss) from ordinary activities	**32.4**				**+9.5**	**41.9**
Other operating income and expenses	-6.1		+1.1	-0.2	+0.8	-4.4*
Net financial income (expenses)	-18.8	-5.7	-1.1		-0.1	-25.8
Share of net profit in joint-ventures	0.6				-6.1	-5.5
Income tax	-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**	**-7.5**

* *Gross of tax.*
** *The change in the fair value of the ORNANE's right to the allocation of shares is included in the IFRS financial income.*

1.3.3.2. Investments and financial structure

Change in the structure of the statement of financial position

Given the management principles adopted by the Pierre & Vacances-Center Parcs Group in its tourism and property development businesses, the following points should be noted regarding the contribution of these two businesses to the consolidated statement of financial position.

Tourism Business

The tourism business is not particularly capital intensive since the Group does not intend to own the villages or residences that it operates. As such, investment spending primarily concerns:

- furniture for apartments sold unfurnished to individual investors;
- general services for the residences;
- leisure facilities for holiday villages (swimming pools, sports and recreational facilities, children's clubs, etc.);
- some of the commercial premises (restaurants, bars, seminar rooms, etc.).

Ownership of these assets is a guarantee of the Group's long-term management of the sites concerned.

However, it should be noted that, for Center Parcs, the leases entered into with institutional investors are "triple net": investments in central facilities and cottages are borne by the Group.

Working capital requirements in the tourism business are structurally negative, but vary significantly over the financial year depending on the season.

Property development activities

Concerning the Group's property development businesses, the construction of new property programmes should be distinguished from property renovation activities.

The new programmes generally require little capital and have the following financial characteristics:

- the capital required to fund each new residence is equivalent to around 10% of the cost price before tax;
- bridging loans are set up for each transaction;
- the relative size of working capital requirement items on the statement of financial position (accounts receivable, work in progress, deferred income and prepayments) is significant.

Sales signed with a notary and not yet recognised in earnings are booked to the statement of financial position as current liabilities. At the same time, expenses incurred on these same transactions are booked as work in progress. Revenue and margins on property development programmes are reported using the percentage of completion method. The percentage of completion is calculated by multiplying the percentage of construction progress by the percentage of revenue from property sales signed at a notary's office.

As a result of the marketing approach (off-plan sales) and pre-marketing conditions that it sets for itself before construction begins, the Group has low levels of stock of land and completed properties.

The property programmes for the Center Parcs villages and, in particular, construction of facilities on behalf of institutional investors, generally result in a temporary deterioration in working capital requirements since the Group pre-finances some of these expenditures and works.

The property renovation business mainly consists of the sale of existing renovated cottages on behalf of the institutional owners of Center Parcs Domaines. As part of these operations, the Pierre & Vacances-Center Parcs Group may have to hold certain assets temporarily (purchase options for the institutional owners subject to pre-marketing conditions), or pre-finance certain work where the funds received from investors are only released on delivery of the renovated property (country-specific rules).

Main cash flows

Summary statement of cash flows

(in € millions)	2016/2017	2015/2016
Cash flows (after interest and tax)	+55.2*	+51.6
Change in working capital requirements	-6.5	-7.9
Cash flow from operating activities	**+48.7**	**+43.6**
Net operational investment spending	-31.6	-29.7
Net financial investment	+10.9	-3.4
Cash flow from investment activities	**-20.7**	**-33.1**
OPERATIONAL CASH FLOWS	**+28.0**	**+10.5**
PV SA capital increase	0.0	+22.4
Acquisitions and disposals of treasury shares	+0.2	+0.1
Dividends paid	0.0	-0.1
Change in loans and other borrowings	-38.3*	+14.8
CASH FLOW FROM FINANCING ACTIVITIES	**-38.1**	**+37.2**
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**-10.2**	**+47.8**

* *Reclassification of the effect of the loss on the partial conversion of the ORNANE (cash flow of -€12 million) from cash flows to changes in loans and sundry liabilities.*

The Group's tourism and property development businesses generated €48.7 million in cash during the 2016/2017 financial year.

This is mainly due to:

- an increase in cash flows (+€55.2 million compared with +€51.6 million in 2015/2016), mainly due to an improvement of the operational performance of the tourism business;
- partially reduced by cash needs generated by the change in working capital requirements (-€6.5 million), the calls for funds on Villages Nature having been offset during the year by collections on the Center Parcs Allgau programme.

Net cash flow from investing activities amounted to -€20.7 million and mainly included:

- net investments of €24.8 million in sites as part of tourism business operations, including:
  - €17.2 million of net investments for the renovation and improvement of the product mix for all Center Parcs Europe villages, including an investment of €6.8 million in French villages, €6.2 million in Dutch villages, €2.2 million in Belgian villages, and €2.0 million in German villages,
  - €7.6 million of net investments in residences and villages operated under the Pierre & Vacances Tourisme Europe brand, including €5.5 million in residences and villages in mainland France, €1.2 million to renovate villages in Martinique and Guadeloupe, and €0.9 million in residences in Spain;
- investments in IT systems (technical and functional improvements) in the amount of €8.7 million (websites, CRM, maeva.com, etc.), net of €1.9 million in cash generated from the sale of certain IT assets (booking software);
- a €0.7 million capital increase in the joint venture set up in China in partnership with the HNA Tourism group;

partially reduced by:

- the sale of securities of the subsidiary Center Parcs Allgau Gmbh, owner of the land for the Domaine Center Parcs Allgaü, to the Eurosic Group for €7.1 million. This sale is part of the block acquisition by the real estate company of 330 cottages and central facilities of the Domaine Center Parcs Allgaü;
- the sale of securities in the Moroccan company SDRT Immo to the Caisse des Dépôts du Maroc for €2.8 million;
- the cash received on deposits and guarantees for a net amount of €2.4 million.

Net cash flow from financing activities amounted to -€38.1 million and mainly included:

- the cost of the partial redemption of the ORNANEs issued in February 2014 for a total of -€47.2 million (during the financial year, 959,070 bonds were the subject of requests for early conversion. The Group has chosen to redeem these bonds in cash[(4)]);
- the annual amortisation of financial liabilities corresponding to finance leases for -€3.0 million;
- the repayment of the loan entered into with Leutkircher Bank as part of the financing of the Center Parcs Allgau (Germany) project in the amount of -€1.5 million;

that partially offset:

- a new €9.5 million loan put in place as part of the property development in Spain;
- the increase in property development bridging loans, net of repayments, in the amount of €3.8 million on the Les Senioriales programmes.

(4) Redemption based on the average Pierre et Vacances share price during the 20 trading days after the date on which the Group decided on the conversion procedures.

Simplified statement of financial position

(in € millions)	30/09/2017	30/09/2016	Changes
Goodwill	158.9	158.9	0.0
Net fixed assets	432.7	429.8	2.9
WCR and others	10.1	31.2	-21.1
TOTAL INVESTMENTS	**601.7**	**619.9**	**-18.2**
Equity	326.9	378.9	-52.0
Provisions for risks and charges	66.0	34.1	31.9
Net financial debt	208.8	206.9	1.9
TOTAL RESOURCES	**601.7**	**619.9**	**-18.2**

The net carrying amount of goodwill totalled €158.9 million.

The main goodwill items were:

- Tourisme Europe: €138.2 million;
- Les Senioriales: €18.9 million.

The increase in net fixed assets (+€2.9 million) mainly stems from:

- investments of €24.8 million as part of tourism business operations;
- the €19 million increase in other non-current financial assets (balance sheet reclassification);
- the development of information systems, net of the sale of certain assets, in the amount of €6.8 million;

less:

- depreciation, amortisation and impairment for the period (-€42.0 million);
- the decrease in value of equity-accounted investments in the amount of €4.0 million (relating to the results of the Villages Natures Group entities and the sale of SDRT Immo securities, partially offset by the profits of the Adagio sub-group);

Net fixed assets at 30 September 2017 include:

- €122.2 million of intangible assets; this amount is mainly the €85.9 million net value of the Center Parcs brand;
- €257.7 million for property, plant and equipment; this amount essentially includes assets used in the operation and marketing of villages under the Center Parcs and Sunparks brands for a net amount of €188.3 million (including €101.7 million corresponding to finance leases for the central facilities of Domaine du Lac d'Ailette) and villages and residences from the Pierre & Vacances Tourisme Europe brands for a net amount of €65.9 million;
- €44.4 million in non-current financial assets;
- €6.8 million of equity-accounted investments, mainly comprising the Group's investment in the share capital of the Adagio joint venture;
- €1.6 million in available-for-sale financial assets.

Equity totalled €326.9 million at 30 September 2017, (compared with €378.9 million at 30 September 2016), after taking into account:

- net income for the period of -€56.7 million (including items relating to the ORNANE – costs of early redemptions and change in the fair value of the option component);
- an increase in equity before earnings of +€4.7 million due notably to the IFRS accounting of actuarial differences on retirement benefit obligations, stock options and treasury shares.

Provisions for risks and expenses totalled €66.0 million at 30 September 2017, compared with €34.1 million at 30 September 2016.

At 30 September 2017, provisions for risks and expenses broke down as follows:

- provisions for pensions: €21.7 million;
- provisions for renovations: €6.4 million;
- provisions for disputes, restructuring costs and site closures: €4.1 million.
- provisions for risks in relation to shares in equity-accounted companies: €32.6 million (principally Villages Nature);
- Other provisions: €1.2 million.

Net debt reported by the Group at 30 September 2017 broke down as follows:

(in € millions)	30/09/2017	30/09/2016	Changes
Gross debt	286.1	294.3	-8.3
Cash (net of overdrafts/drawn revolving facilities)	-77.3	-87.4	10.2
Net debt	**208.8**	**206.9**	**1.9**
including net bank debt	***86.0***	***97.6***	***-11.6***
including rental commitments – Ailette facilities	*101.3*	*103.5*	*-2.2*
*o/w change in the fair value of the ORNANE derivative**	*21.4*	*5.8*	*15.7*

* *Fair value valuation of the option component of the ORNANE, correlated with the change in PV SA's share price. The increase in the share price led to an increase in the debt relating to the option component.*

Net debt at 30 September 2017 (€208.8 million) corresponds principally to:

- the ORNANE issue in February 2014 for a principal amount of €115 million. At 30 September 2017, the "debt" component of the ORNANE totalled €77.8 million. In addition, the option component of the ORNANE represents an additional amount of €21.4 million;
- the "Euro PP" bond issued in July 2016 for a net amount of €59.2 million;
- bridging loans taken out by the Group to finance property development programmes to be sold in the amount of €11.6 million (concerns Les Senioriales programmes at 30 September 2017);
- a new €9.5 million loan put in place by the Group as part of property development in Spain;
- the financial liabilities stemming from adjustments of sale and lease-back contracts in the amount of €103.8 million, including €101.3 million for the central facilities at Center Parcs Domaine du Lac d'Ailette;
- less cash and cash equivalents, net of bank overdrafts/drawn revolving facilities, of €77.3 million.

It should be noted that, at 30 September 2017, the Group had a revolving credit facility of €200 million entered into on 14 March 2016, as well as 5 confirmed credit lines for a total amount of €39.0 million. There was no drawdown against any of these credit lines at 30 September 2017.

An Adjusted Net Debt/EBITDAR ratio, valid for the revolving facility, is calculated contractually once a year at 30 September:

- adjusted Net Financial Debt: means Net Financial Debt plus the Group's rental commitments over the five years following the end of the reporting period and discounted at a rate of 6.0%;
- EBITDAR: refers to EBITDA increased by annual rents.

This ratio, which should be 3.20 or below at 30/09/2017, was adhered to.

1.3.3 Parent company financial position

Preamble

Pierre et Vacances SA, the Group holding company, holds:

- interests in all the subholding companies;
- the lease and fittings at the administrative premises of the registered office situated in the 19th district of Paris (Espace Pont de Flandre).

At 30 September 2017, there were two types of agreements binding Pierre et Vacances SA and its subsidiaries:

- an agreement on the reinvoicing of head office expenses (rental expenses, depreciation of fittings and furniture);
- sub-leases within the framework of reinvoicing for rent.

1.3.3.1 Changes in the business

Revenue for the 2016/2017 financial year totalled €17.1 million, versus €12.5 million for the previous financial year. It mainly consisted of:

- €7.9 million invoiced for services rendered to subsidiaries, primarily in connection with real estate development programme including the Center Parcs in Germany – in Allgäu (Baden Württemberg), in the amount of €3.1 million, and Hochsauerland, in the amount of €1.1 million – and in the Netherlands – in Zandvoort, in the amount of €1.7 million, and Port Zelande, in the amount of €1.5 million.

  The amounts for the previous financial year, €5.9 million corresponding to services invoiced to subsidiaries in the same context, in particular for the property development programme of Center Parcs Allgau in Germany (Baden Wurttemberg) in the amount of €4.1 million;
- €6.5 million in reinvoiced rent expenses representing the share of subsidiary entities for their occupation of premises at the Group's registered office in Artois, in the 19th arrondissement of Paris. The amount reinvoiced in the previous financial year was €6.5 million.

Transfers of operating expenses of €14.8 million were recorded during the year. These essentially concerned:

- head office costs and services of €10.9 million invoiced to subsidiaries in respect of their share of the expenses;
- operating expenses on borrowings of €1.8 million, reclassified as financial expenses.

Operating expenses for the period are the result of costs incurred by Pierre et Vacances SA to develop the Group's activities as a holding company.

The **operating loss** for the financial year was €0.8 million (compared with a loss of €4.9 million in 2015/2016).

Net financial income amounted to €48.3 million compared with €94.7 million the previous year. It is mainly composed of the following items:

- dividend income of €24.9 million from subsidiaries, including:
  - €18.9 million from Pierre & Vacances Tourisme Europe, a sub-holding company for European tourism activities for the Pierre & Vacances and Center Parcs brands,
  - €5.5 million from Pierre & Vacances Marques, a subsidiary owning the Group's brands (mainly Pierre et Vacances, Maeva and Multivacances), excluding the "Les Senioriales" brand and those operated by the Center Parcs sub-group,
  - €0.5 million from the company PV Courtage;
- reversals of provisions for impairment losses in the amount of €41.3 million, including, primarily, €40.8 million in relation to the shares of Pierre & Vacances Tourisme Europe, the sub-holding company for European tourism activities for the Pierre & Vacances and Center Parcs brands;
- interest income of €8.1 million on current accounts, including €7.6 million on the current account held by Pierre et Vacances FI SNC, a subsidiary responsible for the Group's central cash management;
- financial expenses of €26.1 million, including, in particular:
  - financial expenses relating to the redemption in cash of 959,070 "ORNANEs" for a total of €12.1 million,
  - interest on bank debt in the amount of €6 million including €3.4 million relating to the "ORNANE" bond issue subscribed during the financial year ended 30 September 2014, and €2.6 million relating to the bond issue in the form of an unlisted "Euro PP" private placement issued on 19 July 2016,
  - interest expense and commissions on bank loans of €2.4 million,
  - interest expense and commissions on short-term financing of €1.7 million,
  - fees and commissions on guarantees of €0.5 million;
- amortisation and provisions on financial assets in the amount of €3.0 million, including:
  - provisions for expenses on subsidiaries' negative net positions, of which mainly €0.2 million for the company Orion SAS,
  - a provision for financial expenses in the amount of €2.7 million, to cover the capital loss resulting from the options exercised at the end of the financial year for the early redemption of "ORNANE"-type bonds.

Net financial income amounted to €94.7 million in 2015/2016. It mainly consisted of the following:

- revenues of €53.4 million in dividends from subsidiaries, of which €25.0 million from Pierre & Vacances Tourisme Europe and €22.9 million from PV-CP Immobilier Holding;
- interest income of €8.9 million on current accounts, including €8.5 million on the current account held by Pierre et Vacances FI SNC;
- income of €46.1 million from the reversal of a provision for the impairment of the shares and current accounts of the subsidiaries, of which €25.0 million in relation to the shares of Pierre & Vacances Tourisme Europe and €19.8 million in relation to the current account of Pierre et Vacanes FI SNC;
- financial expenses of €13.8 million, including, in particular:
  - interest expense on bank loans of €5.0 million, of which €4.0 million related to the convertible bond issue subscribed in the previous financial year (ORNANE), €0.5 million related to the unlisted "Euro PP" private placement subscribed during the period, and €0.5 million related to the syndicated loan,
  - interest expense and commissions on bank loans and Group financial debt of €5.7 million,
  - interest expense and commissions on short-term financing of €1.4 million,
  - fees and commissions and expenses on sureties and interest rate swaps of €0.8 million.

The **non-recurring profit (loss)** item posted a loss of €2.7 million, mainly comprising €1.9 million for the cost of organising the Pierre & Vacances-Center Parcs Group's 50th anniversary celebrations, as well as miscellaneous expenses and fees incurred in connection with its holding company activities, in the amount of €0.8 million, compared with a €0.3 million loss over the course of the previous financial year.

In its capacity as parent company, Pierre et Vacances SA records any tax resulting from the tax consolidation of the Group in its financial statements. The amount of income tax recognised came to €8.4 million. It corresponds to the tax consolidation income recognised by Pierre et Vacances as the parent company of the tax consolidation group, in the amount of €8.3 million, and the family tax credit recognised at the end of the period, in the amount of €0.1 million.

As a result, **net income** for the year stood at €53.1 million compared with €121.4 million the previous year.

1

1.3.3.2 Changes in financial position

The **balance sheet total** stood at €1,087 million at 30 September 2017, compared with €1,046 million at 30 September 2016, an increase of €41 million.

This change is mainly due to:

- a net profit of €53.1 million for the period;
- the early redemption of bonds for cash or new or existing shares ("ORNANE") exercised during the financial year and paid in cash, in the amount of €35.0 million covering 959,070 "ORNANEs" (out of an initial 3,157,606 securities issued);
- an increase in Pierre et Vacances SA's corporate income tax debt to its subsidiaries in the framework of the tax consolidation group, in the amount of €20.3 million.

The net carrying amount of investments in associates and other long term equity investments at 30 September 2017 was €555.5 million and consisted of the following main investments *(in € millions)*:

Pierre & Vacances Tourisme Europe SA	422.1
PV-CP Immobilier Holding SAS	65.0
Pierre & Vacances Marques SAS	60.7
Pierre & Vacances Maroc	3.1
PV-CP Holding China	2.7
Les Villages Nature de Val d'Europe	1.2

In 2016/2017, Pierre et Vacances SA **equity grew** by €53.1 million to €873.6 million at 30 September 2017. This change corresponds to the positive net income achieved during the financial year, of €53.1 million.

Provisions for risks and expenses at 30 September 2017 amounted to €7.0 million (compared with €4.4 million at 30 September 2016).

They break down as follows (in € million):

Provisions for financial risks relating to subsidiaries	4.3
Provisions for options exercised in redemption of "ORNANE"	2.7

As regards the **structure of its financial liabilities,** at 30 September 2017 the outstanding bond issue corresponds to:

- the outstanding balance of the ORNANE-type bond issued on 4 February 2014 with a principal amount of €115 million and maturing on 1 October 2019;
- the bond issued on 19 July 2016 in the form of an unlisted "Euro PP" private placement with a nominal amount of €60.0 million and maturing on 31 December 2022;
- interest accrued of €1.4 million on ORNANE bonds and €0.5 million on "Euro PP" bonds at 30 September 2017.

1.3.3.3 Subsidiaries, associates and other long-term equity investments

- **The activities of the main subsidiaries in 2016/2017 are presented below:**
  - Pierre & Vacances Tourisme Europe SA

    Pierre & Vacances Tourisme Europe SA continued to act as sub-holding company for the tourism business segment. For the year ended 30 September 2017, Pierre & Vacances Tourisme Europe recorded negative net income of €-4.0 million.
  - Pierre & Vacances Marques SAS

    The activity of this company consists of collecting royalties from the granting of rights to use its brands. The Company's net income for this financial year amounted to €5.0 million.
  - Pierre & Vacances FI SNC

    In 2016/2017, SNC Pierre & Vacances FI continued to exercise its responsibilities for central cash management for the various Pierre & Vacances-Center Parcs Group entities. Over this reporting period, SNC Pierre & Vacances FI recorded net income of €2.3 million.
  - PV-CP Immobilier Holding

    This sub-holding company for property development reported a loss of €32.3 million in the 2016/2017 financial year.
- **With regard to these subsidiaries and investments, we present the following information:**
  - Significant equity investments

    During the past financial year, the Company made the following equity investments:
    - Pierre et Vacances Investissement 50

      On 17 July 2017, following the establishment of Pierre et Vacances Investissement 50, Pierre et Vacances SA subscribed for 1,000 shares (or 100% of the share capital) of said company.
    - Pierre et Vacances Investissement 51

      On 17 July 2017, following the establishment of Pierre et Vacances Investissement 51, Pierre et Vacances SA subscribed for 1,000 shares (or 100% of the share capital) of said company.
    - Pierre et Vacances Investissement 52

      On 4 September 2017, following the establishment of Pierre et Vacances Investissement 52, Pierre et Vacances SA subscribed for 1,000 shares (or 100% of the share capital) of said company.
  - Significant disposals

    During the year, the Company disposed of stakes in the following companies:
    - Pierre & Vacances Investissement XXXXIX (now Maeva Holding SAS)

      On 28 October 2016, Pierre et Vacances SA sold to Pierre & Vacances Tourisme Europe 1,000 shares in Pierre & Vacances Investissement XXXXIX (or 100% of the share capital), for a total price of €10,000.
    - Pierre et Vacances Investissement XXXXIII SAS (now C.T.M. SAS)

      On 28 August 2017, Pierre et Vacances SA sold to Pierre & Vacances Marques SAS 2,893 shares in Pierre & Vacances Investissement XXXXIII (or 100% of the share capital), for a total price of €28,930.
  - Significant investments and disposals since the year-end
    - Pierre et Vacances Investissement 52

      On 27 October 2017, Pierre et Vacances SA sold to Pierre & Vacances Conseil Immobilier 1,000 shares in Pierre & Vacances Investissement 52 (or 100% of the share capital), for a total price of €10,000.
    - Part-House Srl

      On 9 November 2017, Part House SRL was de-recognised following the completion of its liquidation.

1.4 Strategy and outlook

1.4.1 Holiday bookings to date

The bookings for the first half of the 2017/2018 financial year bode well for the Group's ability to meet the target of increasing the tourism business on a like-for-like basis, at both the Center Parcs Europe and Pierre & Vacances Tourisme Europe levels. Mountain destinations and Adagio residences performed particularly well.

1.4.2 Group governance

On 21 November 2017, Gérard Brémond proposed to the Group's Board of Directors the nomination of his son Olivier Brémond, 55 year-old, as CEO of the Pierre & Vacances-Center Parcs Group, with effect from 3 September 2018.

Olivier Brémond, under the chairmanship of Gérard Brémond, is to join the Group's General Management Committee made up of Martine Balouka-Vallette, Patricia Damerval and Thierry Hellin, who will maintain their current operating functions.

For more information, please refer to the 21 November 2017 press release available on the Group website: *www.groupepvcp.com*

1.4.3 Strategic guidelines

The 2016/2017 performances confirm the growth momentum in the Group's activities and results and its solid fundamentals.

For the tourism businesses, this growth is underpinned by an innovation strategy and moves upscale in all brands, which are due to continue this year, with:

- For Pierre & Vacances, the aim to enhance the customer experience with new events on-site, a simplified digital path and further development of the international offer in marketing and mandates;
- For Center Parcs, the development of on-site sales, especially via the roll-out of new activities, and ongoing renovation works on the Center Parcs domains in Germany, the Netherlands and Belgium;
- For maeva.com, growth in distribution activities (international development and strengthening of the camping offer) and rental management mandates;
- For Adagio, further deployment of the overhaul of reception areas project, for a more relational and connected customer experience and development of the offer.

The group's property development businesses will underpin development in the tourism offer *via*:

- Renovation operations at the Center Parcs Domains in Germany, the Netherlands and Belgium;
- Delivery of the Pierre & Vacances premium residences in Deauville and Méribel (openings planned respectively for 2018 and winter 2019);
- Construction of the Center Parcs Domain at Allgäu in Germany (opening planned for Q4 2018);
- Resale of property at sites in Spain;

Other development projects are also underway in France ; Center Parcs' domains, Plagne Aime 2000 ski station project etc. and outside France (especially in Spain and China).

The confirmed momentum in the Group's tourism activities and new development projects both in and outside France all harbour beneficial prospects for the future.

1.5 Other information

1.5.1 Specific information related to the parent company

1.5.1.1 Reminder of previously distributed dividends

In accordance with Article 243 *bis* of the French General Tax Code (*Code Général des Impôts*), it is reminded that no dividend was paid over the last three fiscal years.

1.5.1.2 Non deductible expenses

In accordance with Article 223 quater of the French General Tax Code (*Code Général des Impôts*), the financial statements for the last financial year do not include any expenses or charges that are not deductible from taxable income pusuant to Article 39-4 of the Code.

1.5.1.3 Agreements concluded between a Director or a significant shareholder and the parent company's subsidiaries

As of the date of the present registration document, no agreement was concluded between a Director or a significant shareholder and subsidiaries of the parent company.

1.5.1.4 Outlook

In 2017/2018, Pierre et Vacances SA will continue to act as the Group holding company under conditions equivalent to those of the past financial year.

1.5.2 Main related party transactions

The main related party transactions are described in Note 39 to the consolidated financial statements.

1.5.3 Research & development activities

None.

1.5.4 Social, societal and environmental information

Social, societal and environmental information is detailed in Part 3 of the Registration Document, on page 173.

1.5.5 Events after the reporting period

Events after the reporting period are described in Part 4 of the Registration Document, pages 161 and 188.

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CORPORATE GOVERNANCE

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2.1 Administrative and management bodies

2.1.1 Composition of the administrative and management bodies

Composition of the Board of Directors

The Pierre et Vacances SA Board of Directors has 14 members:

Director	Nationality	Date of birth	Gender	Mandate start date	Date of most recent renewal	Mandate end date	Independent director*	Member of the Board Committees	Number of Company shares held
Gérard Brémond *Chairman and Chief Executive Officer*	French	22/09/1937	M	03/10/1988	04/02/2016	Shareholders' Ordinary Meeting to approve the 2018 financial statements	-	-	10
Olivier Brémond	French	03/10/1962	M	10/07/1995	04/02/2016	Shareholders' Ordinary Meeting to approve the 2018 financial statements	-	-	10
Thierry Hellin *representing S.I.T.I.*	French	11/11/1963	M	03/10/2003	04/02/2016	Shareholders' Ordinary Meeting to approve the 2018 financial statements	-	-	6,943
Ralf Corsten	German	21/02/1942	M	11/03/2004	04/02/2016	Shareholders' Ordinary Meeting to approve the 2018 financial statements	-	CRN Audit Committee**	10
Patricia Damerval *representing GB Développement*	French	28/04/1964	F	10/10/2005	04/02/2016	Shareholders' Ordinary Meeting to approve the 2018 financial statements	-	-	6,943
Andries Arij Olijslager	Dutch	01/01/1944	M	06/10/2008	04/02/2016	Shareholders' Ordinary Meeting to approve the 2018 financial statements	Yes	Audit Committee	500
Delphine Brémond	French	14/07/1966	F	02/12/2008	04/02/2016	Shareholders' Ordinary Meeting to approve the 2018 financial statements	-	-	10
Martine Balouka-Vallette	French	19/11/1951	F	02/12/2014	04/02/2016	Shareholders' Ordinary Meeting to approve the 2018 financial statements	-	-	5,094
Annie Famose	French	16/06/1944	F	04/02/2016	-	Shareholders' Ordinary Meeting to approve the 2018 financial statements	-	CRN**	20
Bertrand Meheut	French	22/09/1951	M	04/02/2016	-	Shareholders' Ordinary Meeting to approve the 2018 financial statements	Yes	-	40
Ning Li	Chinese	02/09/1980	M	30/03/2016	-	Shareholders' Ordinary Meeting to approve the 2018 financial statements	Yes	-	10
Gérard Houa	French	06/09/1958	M	30/03/2016	-	Shareholders' Ordinary Meeting to approve the 2018 financial statements	Yes	-	100
Alma Brémond	French	22/06/1996	F	21/02/2017	-	Shareholders' Ordinary Meeting to approve the 2019 financial statements	-	-	10
Amélie Blanckaert	French	16/03/1975	F	21/02/2017	-	Shareholders' Ordinary Meeting to approve the 2019 financial statements	Yes	-	25
Directors whose mandates expired during the 2016/2017 financial year									
Marc Pasture									5 January 2017

* *The criteria set out in the AFEP-MEDEF Code are used to assess the independence of directors. The position of each director with regard to the independence criteria has been examined by the Board of Directors during its self-assessment of the way in which it operates.*
** *The Remuneration and Appointments Committee.*

The only family relationship between those listed above is that between Gérard Brémond, Olivier Brémond, Delphine Brémond and Alma Brémond.

To the Company's knowledge, there is no potential conflict of interest between the Company's executives' and directors' duties and their private interests and/or duties.

The Board's Internal Regulations specify that directors must inform the Board of any conflict of interest or potential conflict, and must abstain from any Board meeting vote in relation to any such conflict of interest situation.

In addition, to the Company's knowledge, no executive or non-executive corporate officer has:

- been convicted for fraud during at least the last five years;
- been made bankrupt, or placed in compulsory administration or liquidation during at least the last five years;
- been charged for an offence and/or had an official public penalty pronounced against him or her by the statutory or regulatory authorities during at least the last five years.

Finally, to the Company's knowledge, no executive or non-executive corporate officer has been barred by a court from serving as a member of an administrative, management or supervisory body of an issuer or from being involved in the management or conduct of the affairs of an issuer during at least the last five years.

As of the date of this Registration Document, no executive or non-executive corporate officer is linked to the Company, or to any of its subsidiaries, by a service agreement.

Functioning of the Board of Directors

The Company complies with the governance regime applicable in the French Republic.

Moreover, the Company has selected the AFEP-MEDEF Corporate governance code for listed companies, last revised in November 2016, as its benchmark code.

In accordance with the AFEP-MEDEF Code, the Board's Internal Regulations are available on the Company's website.

All information relating to the way the Board of Directors operates appears in the Chairman's report on the organisation of the Board and the internal control procedures (pages 52 to 53 of this Registration Document).

Presentation of directors

Gérard BRÉMOND – *Chairman and Chief Executive Officer*

Business address: L'Artois – Espace Pont de Flandre – 11, rue de Cambrai – 75947 Paris Cedex 19

Expertise: Gérard Brémond is the founder of the Pierre & Vacances-Center Parcs Group. He was also Chairman of the Association "Alliance 46.2" – Entreprendre en France pour le Tourisme – from February 2014 to beginning of February 2016, Foreign Trade Consultant for France and National Tourism Consultant. He was Chairman of Maison de la France from 1999 to 2005. Gérard Brémond is a graduate in economic sciences and graduate from the Institut d'Administration des Entreprises.

Terms of office in other companies (outside the Pierre & Vacances-Center Parcs Group):

- Chairman and Chief Executive Officer of Société d'Investissement Touristique et Immobilier – S.I.T.I. SA
- Chairman of GB Développement SAS
- Chairman of S.I.T.I. Holding SAS
- Director of Lepeudry et Grimard
- Manager of S.I.T.I.R. SC

Terms of office, which have expired over the last five financial years:

- Member of the Supervisory Board of the listed company Maroc Télécom until April 2014

Olivier BRÉMOND

Business address: Kisan – 125 Greene Street – New York, NY 10012

Expertise: Olivier Brémond is an entrepreneur. He was a producer then CEO at Gamma TV. He has also been Chairman and Chief Executive Officer at Marathon International, then at Marathon Productions. Olivier Brémond is a graduate of the European Business School (EBS) Paris.

Terms of office in other companies:

- Director of Société d'Investissement Touristique et Immobilier – S.I.T.I. SA
- Director of Kisan Inc. (United States)

Thierry HELLIN, *Deputy Chief Executive Officer*

Business address: L'Artois – Espace Pont de Flandre – 11, rue de Cambrai – 75947 Paris Cedex 19

Expertise: Thierry Hellin has been the Group Deputy CEO since 2005. He was also Legal Director and then General Secretary at the Pierre & Vacances-Center Parcs Group. From 1987 to 1996, he held various legal management positions at the head of litigation and then General Secretary at the Crédit Foncier de France Group. Thierry Hellin has a DEA in private law (Paris II).

Terms of office in other companies (outside the Pierre & Vacances-Center Parcs Group):

- Chairman and Chief Executive Officer of SA Lepeudry et Grimard
- Chairman of SAS Compagnie Foncière et Immobilière de la Côte d'Azur – CFICA
- General Manager of SARL Le Duc des Lombards
- Joint General Manager of SARL TSF Jazz

Ralf CORSTEN

Business address: Hauptstrasse 27 – 82402 Seeshaupt – Germany

Expertise: Until 2005, Ralf Corsten was a consultant for TUI AG in the hotel participations sector. He has held a range of positions at the TUI group: spokesperson, then Chairman of the TUI GmbH & Co KG Management Board, Chairman of the TUI Group GmbH Management Board, Chairman of the Nouvelles Frontières Management Board and member of the TUI AG Management Board. Ralf Corsten has a doctorate in law.

Terms of office in other companies:

- Chairman of the Supervisory Board of Steigenberger Hotels AG (Germany)

Patricia DAMERVAL, *Deputy Chief Executive Officer*

Business address: L'Artois – Espace Pont de Flandre – 11, rue de Cambrai – 75947 Paris Cedex 19

Expertise: Patricia Damerval has been Group Deputy CEO since 2005. She has also been Financial Director at the Pierre & Vacances-Center Parcs Group. From 1990 to 2000, she was head of the consolidation department then head of central accounting and finally, Deputy to the Financial Management Director at Société Générale Group. Patricia Damerval is a graduate from ESSEC.

Terms of office in other companies (outside the Pierre & Vacances-Center Parcs Group):

- Permanent representative of S.I.T.I. SA on the Board of Directors of SA Lepeudry et Grimard
- Director of SNEF SA

Andries Arij OLIJSLAGER

Expertise: Andries Arij Olijslager is Chairman of the Supervisory Board of Arriva Nederland N.V. He was also Chairman of the Supervisory Board of Detailresult Groep N.V., Chairman of the Board of Directors at Royal Friesland Foods and Frieslands Dairy Foods Holding N.V., CEO of MIP Equity Fund N.V. and CEO and joint-shareholder of Leopack. Andries Arij Olijslager is a graduate from the University of Nyenrode (Business University).

Terms of office in other companies:

- Chairman of the Supervisory Board of Arriva Nederland NV
- Member of the Supervisory Board of Investment and Innovation fund Gelderland
- Member of the Supervisory Board of Van Gansewinkel Groep NV
- Director of Foundation Stichting Administratiekantoor Unilever
- Chairman of the Supervisory Board of OOK (Ondernemend Oranje Kapitaal), a listed company

Terms of office, which have expired over the last five financial years:

- Until 31 December 2013, Vice-Chairman of the Supervisory Board of AVEBE UA
- Until 15 April 2016, Chairman of the Supervisory Board of Heijmans NV
- Until 1 April 2017, Chairman of the Supervisory Board of Detailresult Groep NV

Delphine BRÉMOND

Business address: 3, rue Pasteur – 94120 Fontenay-sous-Bois

Expertise: Delphine Brémond has a degree in animal behaviour and a passion for sustainable development. She began her career as a writer and director. She now studies and puts into practice communication and psychology techniques in social services and family settings.

Terms of office in other companies:

- Director of Société d'Investissement Touristique et Immobilier – S.I.T.I. SA

Martine BALOUKA-VALLETTE, *Chief Executive Officer, Tourism business*

Business address: L'Artois – Espace Pont de Flandre – 11, rue de Cambrai – 75947 Paris Cedex 19

Expertise: Martine Balouka-Vallette has been Group Tourism CEO since 2014. She has also been CEO of Adagio, Pierre & Vacances Maroc and Pierre & Vacances Maeva Tourisme Europe, within the Pierre & Vacances-Center Parcs Group. She was associate Director at KPMG Consulting, Tourism, Hotels and Leisure from 1997 to 2002, Chairman-CEO of Horwath Axe Consultant from 1988 to 1997 and Vice-Chairman Marketing and Sales Europe of Méridien from 1984 to 1988. Martine Balouka-Vallette is a graduate from École Supérieure de Commerce in Paris and the Institut National du Marketing.

Martine Balouka-Vallette does not hold a term of office in any other company outside the Pierre & Vacances-Center Parcs Group

Annie FAMOSE

Business address: Place centrale – 74110 Avoriaz

Expertise: Annie Famose is Chair of the Annie Famose Group (sportswear shops, restaurants, ski school in ski resorts). She also founded the Skiset network (the world's leading ski rental network). Annie Famose has a degree from ESSEC (DESS in General Management).

Terms of office in other companies:

- Chair of Société des Commerces Touristiques SCT SAS and Skishop SAS
- Chair of the Board of Directors of Skiset Group SA-Compagnie des Loueurs de Skis
- Representative of CLS SA, director of Compagnie Internationale des Loueurs de Ski, CILS
- Permanent representative of SCT SAS on the Board of Directors of Compagnie Française des Loueurs de Skis SA
- General Manager of Skiset Finances-SKF SARL, Le Yak SARL, Le Villages des Enfants SARL, Sport Boutique 2000 SARL and EURL La Panèterie SARL
- General Manager of LDV SCI, Brémond Lafont-SFD SCI, LR SCI, Kiwi SCI, David SCI, ST Invest SCI and Fina SCI;
- Director of the Olympique Lyonnais Group

Terms of office, which have expired over the last five financial years:

- General Manager of SCT Web SARL
- General Manager of Sarah SCI

Bertrand MEHEUT

Business address: 23, rue Octave Feuillet – 75116 Paris, France

Expertise: Bertrand Meheut is a civil engineer (mines) and was Chairman of the Management Board of the Canal+ Group since September 2002. He previously worked in industry. He spent most of his career at Rhône-Poulenc, and Aventis CropScience, which he joined in 1984 as deputy to the CEO Europe. He was responsible for the central functions of the "Agro" branch. He then became CEO of the German subsidiary, Deputy CEO of Rhône-Poulenc Agro, then Deputy Executive Chairman and CEO Europe. When Rhône-Poulenc and the German chemicals company Hoechst merged within Aventis at the end of 1999, Bertrand Meheut became Chairman and Chief Executive Officer of Aventis CropScience.

Terms of office in other companies:

- Director of Accor (listed company), Aquarelle and Edenred (listed company)
- Director and Deputy Chairman of the Board of SFR Group (listed company)

Terms of office, which have expired over the last five financial years:

- Chairman of the Management Board of the Canal+ Group and Canal+ France
- Member of the Vivendi Management Board
- Chairman of the Board of Directors of the Société d'Édition de Canal+
- Chairman of the Supervisory Board of StudioCanal
- Chairman of Canal+ Régie
- Permanent representative of the Canal+ Group on the Board of Directors of Sport+
- Permanent representative of the Canal+ Group, co-manager of Canal+ Éditions
- Representative of Canal+ France, active partner of Kiosque
- Member of the Management Committee of Canal+ Overseas
- Member of the Supervisory Board of TVN (Poland)

Ning LI

Business address: Aéroport Montpellier-Méditerranée CS 10005 – 34137 Mauguio Cedex

Expertise: Ning Li has occupied various roles within the management of HNA Group since 2010. Since January 2017 he has been Chairman of ESMA-HNA (having been Deputy Chief Executive Officer since April 2016). He is also Chief Executive Officer of the HNA GROUP (International) Co. Ltd Paris liaison office. Ning Li has a Master 2 in Economic and Management Science.

Terms of office in other companies:

- Chairman of ESMA-HNA SAS
- Chief Executive Officer of the HNA GROUP (International) Co. Ltd Paris (France) liaison office

Gérard HOUA

Business address: N12, Jing Shan West street, Xi Cheng District, Beijing, 100009 China

Expertise: Gérard Houa was Deputy CEO of the Matra Group in China from 1985 to 1995, then advisor to the Group's Chinese subsidiaries such as EADS and Véolia. Since 2000, Gérard Houa has been French foreign trade advisor. Gérard Houa is Chairman of the France-China association. He has a degree from Beijing University.

Terms of office in other companies:

- Chief Executive Officer of East Sino Holdings Ltd. (Hong Kong)

Terms of office, which have expired over the last five financial years:

- Until the end of July 2017, he was Chief Executive Officer of CGE-BC Water Investment Co., Ltd. (China)

Alma BRÉMOND

Expertise: Alma Brémond is a political sciences student at Barnard College, Columbia University, New York (BA Political Science, majoring in political science and minoring in economics).

Alma Brémond does not hold a term of office in any other company.

Amélie BLANCKAERT

Business address: 5-7 rue d'Aumale – 75009 Paris

Expertise: After beginning her career at Trinity College (Cambridge), Amélie Blanckaert founded Coup de Plume SARL, a communications consultancy for directors. For 10 years, she has been a regular guest speaker at CAC40 companies and French grandes écoles. Amélie Blanckaert is a graduate of École Normale Supérieure, having specialised in Modern Letters. She is also a graduate of IHEDN.

Terms of office in other companies:

- General Manager of Coup de Plume SARL

Composition of the specialist Committees

The Pierre et Vacances Board of Directors has two permanent specialist Committees to assist it in its work: the Audit Committee and the Remuneration and Appointments Committee.

These Committees are composed of members of the Board of Directors. The Board appoints the members and the Chairman of each of the Committees.

It should be noted that the composition of the specialist Committees does not comply with the AFEP-MEDEF code as regards the proportion of independent directors (see setion 2.3.1.1).

The responsibilities and operation of these specialist Committees are stated in the Chairman's report on the organisation of the Board of Directors and internal control procedures (pages 53-54 of this Registration Document).

The Audit Committee

This Committee has two members, who are appointed for the duration of their directorships: Andries Arij Olijslager and Ralf Corsten.

The Committee is chaired by Andries Arij Olijslager.

The Remuneration and Appointments Committee

This Committee has two members, who are appointed for the duration of their directorships: Annie Famose and Ralf Corsten.

The Committee is chaired by Annie Famose.

2.1.2 Composition of the Executive Management Committee

The Group Executive Management Committee has four members: the Chairman and Chief Executive Officer, the two Group Deputy Chief Executive Officers and the Chief Executive Officer for the Tourism business.

The responsibilities and operation of this Committee are stated in the Chairman's report on the organisation of the Board of Directors and internal control procedures (page 55 of this Registration Document).

At the bottom left, then clockwise:
Gérard Brémond, Chairman and Chief Executive Officer ;
Martine Balouka-Vallette, Chief Executive Officer for the Tourism business ;
Thierry Hellin, Deputy Chief Executive Officer ;
Patricia Damerval, Deputy Chief Executive Officer.

2.2 Remuneration of executives and members of the Board of Directors

2.2.1 Remuneration of the executive and non-executive corporate officers

It should be noted that the Company has selected the AFEP-MEDEF Code, last revised in November 2016, as its benchmark code. Within the context of the "Comply or Explain" rule laid down in Article L. 225-37 of the French Commercial Code and referred to in Article 27.1 of the AFEP-MEDEF Code, the Company believes that its practices comply with the recommendations of said Code, with the exception of the points mentioned on page 51 of this Registration Document.

For the financial years ending on 30 September 2017 and 30 September 2016, no wage[5] (including benefits of any kind) was paid to a corporate officer directly by the companies, which the Pierre & Vacances-Center Parcs Group controls, as defined in Article L. 233-16 of the French Commercial Code. However, Société d'Investissement Touristique et Immobilier (a company controlled by the Chairman, founder and majority shareholder of Pierre et Vacances SA), as an asset management company, invoiced fees for the services rendered by Gérard Brémond, Thierry Hellin, Patricia Damerval and Martine Balouka-Vallette. The fees invoiced by S.I.T.I. were calculated on the basis of direct costs (remuneration paid + related employer's expenses + other direct costs: travel expenses, cost of premises, secretarial expenses) plus a 5% margin and calculated prorata for the time spent by each individual on managing the business of Pierre & Vacances-Center Parcs Group companies.

For each of them, the variable bonus relates to the Group's financial performance (EBIT) (between 50% and 80% of the bonus) and the achievement of personal objectives. The criteria applied are predetermined and clearly defined but are not made public for confidentiality reasons.

The Group has not introduced a system of sign-on bonuses or termination benefits for its executive or non-executive corporate officers.

There are no additional pension schemes specific to executive and non-executive corporate officers. They receive, in accordance with their contract of employment with S.I.T.I., an end-of-service lump sum payment calculated on the basis of the rules applicable to all salaried employees.

2.2.1.1 Summary of remuneration and options and shares allocated to executive corporate officers

(in €)	Financial year 2016/2017	Financial year 2015/2016
Gérard Brémond, Chairman and Chief Executive Officer		
Remuneration payable for the financial year	575,845	592,789
Value of options granted during the financial year	-	-
Value of performance-related shares granted during the financial year	-	-
TOTAL	**575,845**	**592,789**

Since 20 October 2014, the Chief Executive Officer function has been taken on by Gérard Brémond, Chairman and Chief Executive Officer.

(5) With the exception a gross remuneration of €4,804 paid to Alma Brémond in respect of a fixed-term contract entered into with Center Parcs Resorts France.

2.2.1.2 Remuneration components due to or received by the executive corporate officers for the 2016/2017 financial year, put to the vote of the Shareholders' Combined Ordinary and Extraordinary Meeting to approve the financial statements to 30 September 2017

The table below summarises the remuneration components due or received by the executive corporate officer for the 2016/2017 financial year and which will be put to shareholders, in accordance with the AFEP-MEDEF Code.

Remuneration components due or received by Gérard Brémond, Chairman and Chief Executive Officer, put to the vote of shareholders for the 2016/2017 financial year

Remuneration component	Amount *(in €)*	Comments
Fixed remuneration	500,000	No change compared with the previous financial year
Variable remuneration	72,000	80% of the amount payable (negative net result due to Villages Nature losses)
Benefits in kind	3,845	

It should also be noted that Gérard Brémond does not receive the following remuneration components in respect of his position as Chairman and Chief Executive Officer of the Company: deferred variable remuneration, multi-year variable remuneration, special remuneration, share options, performance-based shares, attendance fees, termination benefits, non-compete benefits, supplementary retirement plan.

Report on the principles and criteria used to define, break down and allocate the fixed, variable and exceptional components of the total remuneration and all benefits payable to Gérard Brémond, Chairman and Chief Executive Officer, for the 2017/2018 financial year

Pursuant to the provisions of Article L. 225-37-2 of the French Commercial Code, the Shareholders' Ordinary Meeting to approve the financial statements at 30 September 2017 will be asked to approve, on the basis of this report, the principles and criteria used to define, break down and allocate the fixed, variable and exceptional components of the total remuneration and all benefits payable to the Chairman and Chief Executive Officer.

The Shareholders' Ordinary Meeting will also be asked, on the basis of this report, to approve the executive corporate officer remuneration policy for the 2017/2018 financial year.

The payment of the variable and exceptional components referred to in this report is dependent on the approval by the Shareholders' Ordinary Meeting of the remuneration components of the person concerned under the conditions set forth in Article L. 225-100 of the French Commercial Code.

To date, Gérard Brémond, as Chairman and Chief Executive Officer, is the only executive corporate officer to which this report applies.

The remuneration paid to the Chairman and Chief Executive Officer consists of the following components:

- Annual gross fixed remuneration of €500,000.
- Gross variable remuneration of €90,000 if 100% of targets are met; 80% of the variable premium relates to the consolidated Group operating profit from ordinary activities and the remaining 20% relates to the consolidated Group net result.

As regards benefits in kind, the Chairman and Chief Executive Officer is provided with a company car and is eligible for the same health insurance benefits as the Group's other directors and employees.

The Chairman and Chief Executive Officer's remuneration is paid by Société d'Investissement Touristique et Immobilier – S.I.T.I. SA. The latter, in its capacity as an asset management company, invoices Pierre et Vacances for fees in respect of the services rendered by Gérard Brémond.

2.2.1.3 Summary of commitments given to the executive corporate officers

Executive corporate officer	Employment contract	Supplementary retirement plan	Compensation benefits due or liable to be due if positions are discontinued or changed	Compensation relating to a non-compete clause
Gérard Brémond, Chairman and Chief Executive Officer	No	No	No	No

Gérard Brémond has been a director since 3 October 1988. He was Chairman and Chief Executive Officer from 3 October 1988 until 16 November 2009, then Chairman of the Board of Directors from 16 November 2009 until 30 August 2012, Chairman and Chief Executive Officer from 30 August 2012 to 2 January 2013, then Chairman of the Board of Directors from 2 January 2013 to 20 October 2014. He has been Chairman and Chief Executive Officer since 20 October 2014.

2.2.1.4 Summary table of remuneration due or paid to each corporate officer sitting on the Executive Management Committee

	Remuneration in 2016/2017		Remuneration in 2015/2016	
(in €)	payable for the financial year	paid during the financial year	payable for the financial year	paid during the financial year
Gérard Brémond, Chairman and Chief Executive Officer				
Fixed remuneration	500,000	500,000	500,000	500,000
Variable remuneration	72,000	90,000	90,000	90,000
Special remuneration	-	-	-	-
Attendance fees	-	-	-	-
Benefits in kind	3,845	3,845	2,789	2,789
TOTAL	**575,845**	**593,845**	**592,789**	**592,789**
Patricia Damerval, Deputy Chief Executive Officer				
Fixed remuneration	400,000	400,000	358,000	358,000
Variable remuneration	160,000	166,320	166,320	166,320
Special remuneration	-	75,680	75,680	82,016
Attendance fees	-	-	-	-
Benefits in kind	47	47	35	35
TOTAL	**560,047**	**642,047**	**600,035**	**606,371**
Thierry Hellin, Deputy Chief Executive Officer				
Fixed remuneration	400,000	400,000	358,000	358,000
Variable remuneration	154,000	154,000	154,000	154,000
Special remuneration	-	87,951	88,000	88,000
Attendance fees	-	-	-	-
Benefits in kind	7,251	7,251	6,371	6,371
TOTAL	**561,251**	**649,202**	**606,371**	**606,371**
Martine Balouka-Vallette, Chief Executive Officer Tourism				
Fixed remuneration	470,000	470,000	470,000	470,000
Variable remuneration	160,000	100,000	100,000	100,000
Special remuneration	-	50,000	50,000	30,000
Attendance fees	-	-	-	-
Benefits in kind	4,136	4,136	3,694	3,694
TOTAL	**634,136**	**624,136**	**623,694**	**603,694**

2.2.1.5 Remuneration of other non-executive corporate officers

The Board of Directors establishes the rules for the allocation of attendance fees. These fees are paid based on the actual participation of the Director in the meetings of the Board and of the special committees, as applicable.

For the 2016/2017 financial year, the rules for the allocation of attendance fees adopted by the Board of Directors at its meeting of 11 October 2017 are as follows:

- only directors not employed on permanent contracts by Pierre et Vacances SA, any of the companies controlled by Pierre et Vacances SA (as defined in Article L. 233-16 of the French Commercial Code) or by S.I.T.I. will receive attendance fees;
- for the 2016/2017 financial year, each director satisfying the above criterion will receive a total amount of €30,000 as remuneration for activities performed in their capacity as members of the Board of Directors;
- the amount of €30,000 will be reduced prorata for the number of Board meetings they did not attend relative to the total number of meetings during the financial year;
- from the second meeting the director did not attend, a €5,000 reduction shall be applied per missed meeting;
- the members of the Audit Committee will be allocated a fee of €1,000 per meeting, with the Chairman of the Audit Committee also receiving a flat fee of €1,000 per year;
- the members of the Remuneration and Appointments Committee will be allocated a fee of €1,000 per meeting, with the Chairman of the Remuneration and Appointments Committee also receiving a flat fee of €1,000 per year.

(in €)	Remuneration allocated for 2016/2017	Remuneration allocated for 2016/2017[1]	Remuneration allocated for 2015/2016	Remuneration allocated for 2015/2016[1]
Olivier Brémond				
Attendance fees	30,000	21,000	20,000	14,000
Other remuneration	-	-	-	-
Ralf Corsten				
Attendance fees	33,000	23,100	15,000	10,500
Other remuneration	-	-	-	-
Marc R. Pasture				
Attendance fees	NA	NA	27,000	-
Other remuneration	NA	NA	-	-
Delphine Brémond				
Attendance fees	20,000	20,000	5,000	5,000
Other remuneration	-	-	-	-
Andries Arij Olijslager				
Attendance fees	33,000	23,100	33,000	23,100
Other remuneration	-	-	-	-
Annie Famose				
Attendance fees	32,000	32,000	20,000[2]	20,000
Other remuneration	-	-	-	-
Bertrand Meheut				
Attendance fees	25,000	25,000	15,000[2]	15,000
Other remuneration	-	-	-	-
Ning Li				
Attendance fees	30,000	30,000	15,000[3]	15,000
Other remuneration	-	-	-	-
Gérard Houa				
Attendance fees	30,000	21,000	5,000[3]	3,500
Other remuneration	-	-	-	-
Alma Brémond[4]				
Attendance fees	17,500	12,250	NA	NA
Other remuneration[5]	4,804	4,804	NA	NA
Amélie Blanckaert[4]				
Attendance fees	17,500	17,500	NA	NA
Other remuneration	-	-	NA	NA
TOTAL	**272,804**	**229,754**	**155,000**	**106,100**

(1) After deduction of any withholding tax paid directly by Pierre et Vacances SA to the French tax authorities.
(2) Total maximum amount of €20,000 in view of the appointment as director on 4 February 2016.
(3) Total maximum amount of €15,000 in view of taking up the term of office as director on 30 March 2016.
(4) Total maximum amount of €17,500 in view of taking up the term of office as director on 21 February 2017.
(5) Alma Brémond received remuneration of €4,804 gross in respect of a fixed-term contract entered into with Center Parcs Resorts France.

2.2.2 Share options and bonus shares

2.2.2.1 Grant policy

The grant policy followed hitherto by the Group identifies:

- occasional grants to a large number of Group managers;
- more regular grants, in principle on an annual basis, to key Group employees;
- special grants to Group employees (managers and non-managers).

This policy is likely to change during future financial years due to the legislative and regulatory changes in the accounting treatment for share options.

The Company states that, having signed up to the AFEP-MEDEF Corporate Governance Code:

- all bonus share plans are subject to performance-related conditions (with the exception of two plans, see table on pages 48 and 49);
- bonus shares are only granted to corporate officers if all performance-related conditions have been met;
- the Company has set up a system for linking employees' performance to the performance of the Company (introduction of a special profit-sharing agreement);
- share options were granted over the same calendar periods;
- share option plans are subject to attendance and/or performance requirements;
- corporate officers have agreed not to use hedging facilities until their term of office expires;
- in accordance with Internal Regulations, corporate officers are required to respect closed periods covering (i) the 30 calendar days prior to the date on which the half-yearly and annual consolidated financial statements are published as well as their actual publication dates and (ii) the 15 calendar days prior to the date of publication of the quarterly revenue, as well as the actual publication dates. The timetable for such closed periods is prepared on an annual basis.

2.2.2.2 Share option plans

History of share subscription option plans

At 30 November 2017, there were no share subscription options outstanding.

	2003 option plan	2004 option plan	2005 option plan
Date of Shareholders' Ordinary Meeting	10/03/2003	11/03/2004	11/03/2004
Date of Board of Directors' Meeting	03/11/2003	07/09/2004	26/09/2005
Total number of shares that may be subscribed for at grant date	7,150	162,300	1,000
Number of shares that may be subscribed for by the ten employees granted the largest number of share options	7,150	51,000	1,000
Number of shares that may be subscribed for by current members of the Board of Directors (who are still members at 30/09/2017)	/	12,000	/
of which:			
Thierry Hellin		*4,000*	
Patricia Damerval		*4,000*	
Martine Balouka-Vallette		*4,000*	
Vesting date	04/11/2007	08/09/2008	27/09/2009
Subscription price(1)	€63.83	€66.09	€59.89
Expiry date	04/11/2013	08/09/2014	27/09/2015
Number of shares subscribed for	/	/	/
Total number of share options lapsed or forfeited	7,150	162,300	1,000
Total number of options outstanding at the end of the financial year	/	/	/

(1) The subscription price is the average share price quoted during the 20 trading sessions preceding the grant decision, less a 5% discount.

History of share purchase option plans

	2005 share purchase option plan	2006 share purchase option plan	2007 share purchase option plan	2008 share purchase option plan	2009 share purchase option plan	2011 share purchase option plan
Date of Shareholders' Ordinary Meeting	11/03/2004 and 10/03/2005	02/03/2006	02/03/2006	02/03/2006	14/02/2008	03/03/2011
Date of Board of Directors' Meeting	26/09/2005	21/07/2006	09/01/2007	07/01/2008	12/01/2009	03/03/2011
Total number of shares that may be purchased at grant date	28,000	16,500	46,875	38,375	5,000	222,500
Number of shares that may be purchased by the ten employees granted the largest number of share options	28,000	16,500	45,375	38,375	5,000	80,000
Number of shares that may be subscribed for by current members of the Board of Directors (who are still members at 30 September 2016)	12,000	/	12,000	12,000	/	70,000
Of which:						
Thierry Hellin	*4,000*		*4,000*	*4,000*		*35,000*
Patricia Damerval	*4,000*		*4,000*	*4,000*		*35,000*
Martine Balouka-Vallette	*4,000*		*4,000*	*4,000*		
Vesting date	27/09/2009	22/07/2010	10/01/2011	08/01/2012	13/01/2013	04/03/2015
Purchase price	€59.89(1)	€80.12(1)	€87.40(1)	€86.10(1)	€39.35(2)	€63.93(2)
Expiry date	27/09/2015	22/07/2016	10/01/2017	08/01/2018	13/01/2019	04/03/2021
Number of shares purchased	/	/	/	/	/	/
Total number of share purchase options lapsed or forfeited	28,000	16,500	46,875	/	/	87,500
Total number of options outstanding at the end of the financial year	/	/	/	38,375	5,000	135,000

(1) The purchase price corresponds to the average share price quoted during the 20 trading sessions preceding the grant decision, less a 5% discount.
(2) The purchase price corresponds to the average share price quoted during the 20 trading sessions preceding the grant decision without a discount.

Share options granted during the financial year to each corporate officer by the Company itself and by any Group company

None.

Share subscription or purchase options exercised during the financial year by each corporate officer

None.

Share options granted to the top ten employee beneficiaries who are not corporate officers, and options exercised by the latter

None.

2.2.2.3 Bonus shares

History of bonus share plans

	2007 plan	2007 plan	2008 plan	2009 plan	2009 plan	2009 plan
Kind of shares	Ordinary shares	Ordinary shares	Ordinary shares	Ordinary shares	Ordinary shares	Ordinary shares
Date of Shareholders' Ordinary Meeting	10/03/2005	10/03/2005	10/03/2005	14/02/2008	12/02/2009	12/02/2009
Date of Board of Directors' Meeting	09/01/2007	09/01/2007	07/01/2008	12/01/2009	12/02/2009	12/02/2009
Total number of beneficiaries	2,207	9	8	57	2	1
Total number of shares granted initially	11,035	16,010	13,010	84,135	3,325	6,575
Total number of shares granted to current members of the Board of Directors (who are still members at 30/09/2017)	15	4,500	4,500	30,000	/	/
Of which:						
Thierry Hellin	*5*	*1,500*	*1,500*	*5,000*		
Patricia Damerval	*5*	*1,500*	*1,500*	*5,000*		
Martine Balouka-Vallette	*5*	*1,500*	*1,500*	*20,000*		
Starting date of the vesting period	09/01/2007	09/01/2007	07/01/2008	12/01/2009	12/02/2009	12/02/2009
Starting date of the lock-in period	10/01/2009	10/01/2009	08/01/2010	13/01/2011	13/02/2011	13/02/2011
Duration of the lock-in period	Two years	Two years	Two years	Two years	Two years	Two years
Grant conditions and criteria	Attendance conditions	Attendance and performance related conditions	Attendance and performance related conditions	Attendance and performance conditions[4]	Attendance and performance conditions[4]	Attendance conditions
Number of shares to be granted	Shares to be issued	Treasury shares	Treasury shares	Treasury shares	Treasury shares	Treasury shares
Number of shares cancelled	2,370	/	/	40,727[5]	2,685[5]	/
Number of shares vested	8,665	16,010	13,010	43,408	640	6,575

(1) Each preference share may be converted into a maximum of 100 ordinary shares at the end of the lock-in period provided that stock market conditions are met.

(2) The number of shares to be vested under this plan is subject to a performance-related condition based on share price performance. The performance-related requirement at maturity will be calculated on the volume-weighted average Pierre et Vacances share price for all trading days in October, November and December 2015. The volumes appearing in this table are the maximum for 100% achievement of the performance-related condition.

(3) The number of shares to be vested under this plan is subject to a performance-related condition based on share price performance. The performance-related requirement at maturity will be calculated on the volume-weighted average Pierre et Vacances share price for all trading days in October, November and December 2016. The volumes appearing in this table are the maximum for 100% achievement of the performance-related condition.

2013 plan	2013 plan	2013 plan	2014 plan	2014 plan	2016 plan	2016 plan	2017 plan
Ordinary shares	Ordinary shares	Ordinary shares	Ordinary shares	Ordinary shares	Preference shares[(1)]	Preference shares[(1)]	Preference shares[(1)]
06/03/2012	06/03/2012	06/03/2012	13/03/2014	13/03/2014	04/02/2016	04/02/2016	04/02/2016
28/05/2013	03/09/2013	02/12/2013	26/05/2014	02/12/2014	04/02/2016	04/02/2016	18/04/2017
50	2	4	3	1	3	63	42
229,768[(2)]	13,333[(2)]	15,555[(2)]	20,889[(3)]	2,222[(3)]	1,476	1,544	797
41,000	/	/	/	/	1,476	/	/
15,000					*369*		
15,000					*369*		
11,000					*738*		
28/05/2013	03/09/2013	02/12/2013	26/05/2014	02/12/2014	04/02/2016	04/02/2016	18/04/2017
01/01/2016	01/01/2016	01/01/2016	01/01/2017	01/01/2017	04/02/2018	04/02/2018	18/04/2019
Two years	Two years	Two years	Two years	Two years	Two years	Two years	Two years
Attendance and performance related conditions	Attendance and performance related conditions	Attendance and performance related conditions	Attendance and performance related conditions	Attendance and performance related conditions	Attendance and performance related conditions	Attendance and performance related conditions	Attendance and performance related conditions
					Shares to be issued for preference shares	Shares to be issued for preference shares	Shares to be issued for preference shares
Treasury shares	Treasury shares	Treasury shares	Treasury shares	Treasury shares	Treasury shares or shares to be issued for ordinary shares issued as a result of the conversion of preference shares	Treasury shares or shares to be issued for ordinary shares issued as a result of the conversion of preference shares	Treasury shares or shares to be issued for ordinary shares issued as a result of the conversion of preference shares
145,184	7,172	8,366	15,215	322	/	178	/
84,584[(6)]	6,162[(6)]	7,189[(6)]	5,674[(7)]	1,900[(7)]	/	/	/

(4) Performance conditions applicable to the first half of the allocated shares: the indicators are EBIT, cash flows from operations (excluding acquisitions), as well as external indexes (SBF 250, property values and tourism values).
Performance conditions applicable to the second half of the allocated shares: the indicators are net income, Group share, operating cash flow generated (excluding acquisitions) and the external indexes referred to above.

(5) At its meeting of 1 December 2009, the Board of Directors found that only some of the performance-related conditions had been met for the first half of the shares granted on 12 January 2009 and 12 February 2009.
At its meeting of 18 January 2011, the Board of Directors found that the performance-related conditions had not been met for the second half of the shares granted on 12 January 2009.
At its meeting of 14 February 2011, the Board of Directors found that none of the performance-related conditions had been met for the second half of the shares granted on 12 February 2009.

(6) At its meeting of 5 January 2016, the Board of Directors noted the number of shares vested as a result of the performance conditions stated in (2) being attained.

(7) At its meeting of 5 January 2017, the Board of Directors noted the number of shares vested as a result of the performance conditions stated in (3) being attained.

Bonus shares granted during the 2016/2017 financial year to each corporate officer

None.

Bonus shares becoming available during the 2016/2017 financial year for each corporate officer

None.

Bonus shares (preference shares) granted in the 2016/2017 financial year to the top ten employee beneficiaries who are not corporate officers (general information)

400.

2.2.3 Other information and commitments

2.2.3.1 Loans and guarantees issued by Pierre et Vacances SA

No loan or guarantee has been granted by Pierre et Vacances SA to the members of the Group Executive Management Committee or the Board of Directors.

2.2.3.2 Director investments in the capital of Pierre et Vacances SA

There is no convention, agreement or partnership between the Company and the members of the Group Executive Management Committee or the Board of Directors concerning a restriction on the sale of their investments within a period of time.

2.2.3.3 Privileged information – share transactions

Because of the particular knowledge they have of the Company, its plans and its results, the directors are required to exercise strict vigilance in their transactions involving the Company's shares.

The directors undertake to keep, in registered form, throughout their term of office, the shares they acquired when they took up office; they also undertake to register in their name all shares subsequently acquired.

The directors more generally undertake to strictly observe the recommendations of the AMF (French Market Authority) concerning executive and non-executive corporate officers declaring transactions involving shares in their Company.

In order that Pierre et Vacances SA can itself abide by these AMF recommendations, directors must declare to the AMF and Pierre et Vacances SA any transactions concerning their shares within three days of the transaction. This obligation does not apply when the total value of transactions performed over the calendar year is less than €20,000.

Further, the Internal Regulations of the Board of Directors stipulate that, in addition to the period preceding the publication of privileged information to which they are privy, directors must also refrain from any share transactions during the 30 days prior to the publication of the annual and half-yearly results and during the 15 days prior to the publication of the quarterly revenue. They must also abstain from such transactions on the day on which this information is published.

Summary of transactions on the Company's shares referred to in Article L. 621-18-2 of the French Monetary and Financial Code[6] over the course of the last financial year

None.

2.2.3.4 Other shares giving access to the capital

None.

(6) Transactions on the Company's shares performed by the executives, related persons and their close relatives.

2.3 Chairman's report on the organisation of the board and internal control procedures

In accordance with Article L. 225-37 of the French Commercial Code, the Chairman of your Board of Directors hereby reports on Board composition and the application of the principle of balanced representation of men and women on the Board, on how the Board prepares and organises its work and on the internal control and risk management procedures applied within the Group.

At its meeting of 21 November 2017, the Board of Directors, which has been involved in preparing this report, approved its content, in accordance with the provisions of Article L. 225-37 of the French Commercial Code.

2.3.1 Conditions for preparing and organising the work of the Board of Directors

2.3.1.1 Choice of Corporate Governance Code

In accordance with the provisions of Article L. 225-37 of the French Commercial Code, the Company indicates that it refers to the corporate governance code for listed companies drawn up by the AFEP and the MEDEF, last revised in November 2016. The Code can be consulted on the website of the MEDEF (www.medef.com).

The Code's recommendations are part of the approach to corporate governance taken by the Pierre & Vacances-Center Parcs Group, it being specified that their application must be appropriate for the size and history of the Company.

As regards the "Apply or Explain" rule outlined in Article L. 225-37 of the French Commercial Code and referred to in Article 27.1 of the AFEP-MEDEF code, the Company believes that its practices comply with the recommendations of the AFEP-MEDEF code, apart from the points below:

Staggering of terms of office Article 13.2 of the Code: Terms of office should be staggered so as to avoid block renewals and to encourage the smooth re-election of directors.	The interplay between various cooptations and appointments over recent years has prevented the organisation of a staggered renewal of terms of office.
Proportion of independent directors within the Audit Committee Article 15.1 of the Code: At least two thirds of the directors on the Auditing Committee must be independent	The Company considers Ralf Corsten to be a person from outside the Group whose freedom of judgement is not compromised, although he cannot be considered as an independent director under the AFEP-MEDEF Code.
Time limit for inspection of the financial statements by the Audit Committee Article 15.3 of the Code: The time-scales for inspection of the financial statements by the Audit Committee must be sufficient.	Since the members of the Audit Committee are non-residents, the Audit Committee meeting is, generally speaking, held on the eve of the Board of Directors' meeting. Members of the Audit Committee do, however, have access to all of the documents and disclosures required for them to perform their duties within deadlines allowing them to satisfactorily familiarise themselves with, and examine, such documents and disclosures.
Remuneration Committee Article 17.1 of the Code: It must be (i) composed mainly of independent directors and (ii) chaired by an independent director.	The Company considers Annie Famose to be a person from outside the Group whose freedom of judgement is not compromised, although she cannot be considered as an independent director under the AFEP-MEDEF Code.
Remuneration of executive corporate officers Article 22 of the Code: Executive corporate officers shall retain a minimum number of registered shares, to be set by the Board of Directors, until the end of their term of office.	Gérard Brémond owns 39.83% of issued capital via his asset holdings.

2.3.1.2 Organisation of the Board of Directors

Composition of the Board of Directors

The Board of Directors of Pierre et Vacances SA has 14 members, five of whom are classed as independent directors in accordance with the AFEP-MEDEF Code criteria.

A summary table containing detailed information on the composition of the Board of Directors and a list of the terms of office held by Board members in other companies is given on pages 36 to 40 of the Registration Document.

The term of office of directors is three years. Each director has been renewed or appointed until the end of the Shareholders' Ordinary Meeting to approve the financial statements for the financial year ending on 30 September 2018, with the exception of two directors who were appointed until the end of the Shareholders' Ordinary Meeting to approve the financial statements for the financial year ending on 30 September 2019.

Application of the principle of balanced representation of women and men on the Board of Directors

The Board of Directors, which has six female members, complies with law no. 2011-103 of 27 January 2011 on the principle of balanced representation of women and men on the Board of Directors.

Internal Regulations

The Board of Directors has adopted a Directors' Charter and Internal Regulations governing how it functions and a Code of Conduct for directors with regard to their office. These rules incorporate a number of legal requirements along with provisions designed to reinforce directors' independence of action and judgement in relation to the Company and to enhance control of the Company.

The Board of Directors amended its Internal Regulations on 6 March 2012 to incorporate a definition of the "blackout periods" for directors trading in Company shares, pursuant to the AMF recommendations on the prevention of insider misconduct.

The Board's Internal Regulations specify that the Board should carry out an annual appraisal of its operations.

In accordance with the AFEP-MEDEF Code, the Board's Internal Regulations are available on the Company's website.

The Internal Regulations state that each director must hold at least ten shares in the Company.

Meetings of the Board of Directors

The meetings of the Board of Directors are scheduled on an annual basis. This schedule is adjusted and supplemented, if applicable, by additional meetings as and when the directors need to be consulted.

During the past financial year, the Board of Directors met seven times, with an overall attendance rate of 87.76%. The average duration of each meeting was two hours and allowed examination and detailed discussion of the items on the agenda. Meetings of the Board of Directors are called by the Chairman. Documentation relating to agenda items is included with the meeting notice sent to each member of the Board of Directors in advance of Board meetings to allow them to prepare for discussions. The Chairman ensures that the directors receive all the information they require to perform their duties, in particular by the attendance of operational managers to present their activities and main results during meetings of the Board of Directors. Minutes of meetings of the Board of Directors are drawn up after each meeting and approved at the next meeting.

In accordance with Article L. 823-17 of the French Commercial Code, the Statutory Auditors were invited and attended Board Meetings held to examine and close the annual and half-yearly financial statements.

Meetings of the Board of Directors are usually held at the registered office or at any other venue as permitted by the articles of association. According to the provisions of Article L. 225-37, paragraph 3 of the French Commercial Code, directors also have the option to take part in the deliberations of the Board via videoconference or other methods of telecommunication. This option was used six times during the 2016/2017 financial year. In general, after the Board has reviewed and approved the minutes of the previous meeting's deliberations and decisions, the members discuss the items on the agenda. The discussions are organised and directed by the Chairman. He ensures that the Board examines all items on the agenda.

2.3.1.3 Roles and functioning of the Board of Directors and its specialist Committees

Role of the Board of Directors

The Board of Directors determines the Company's key strategies and ensures their proper implementation and execution. The Board of Directors is briefed at least once a quarter on the activities of the Group's tourism and property development businesses, and examines the strategic aims of each business. It is regularly informed of the Group's revenue, the progress of significant operations and trends in the Group's markets. The Board approves significant changes to the Group's legal structure and major external and internal growth operations (acquisitions, launch of major property development programmes, property deliveries, etc.). Prior approval is required for transactions involving external financing, except in the case of normal property financing transactions that are not backed by guarantees issued by the parent company. Until 12 April 2016, all pledges, guarantees and similar undertakings issued by the Company automatically required prior approval from the Board of Directors. In accordance with the provisions of Articles L. 225-35 and R. 225-28 of the French Commercial Code, at its meeting of 12 April 2016, the Board of Directors authorised the Chairman and Chief Executive Officer to grant pledges, guarantees and similar undertakings up to an overall maximum of €200 million. This authorisation, issued for a period of one year, was renewed for one year and for the same amount by the Board of Directors at its meeting of 18 April 2017.

During the past financial year, the Board of Directors met seven times. In addition to examining the parent company annual and half-yearly financial statements and its usual examination of the business of and income from the Tourism and Property Development business segments, the main matters studied were property transactions, developments, corporate governance (payment of attendance fees to directors, self-evaluation of the Board of Directors, appointment of two new female directors to be put to the Shareholders' Ordinary Meeting, appointment of a new member of the Remuneration and Appointments Committee) and free preference share grants.

Functioning of the Board of Directors

The functioning of the Board is governed by the Company's articles of association, some of the main points of which were amended by the Shareholders' Combined Ordinary and Extraordinary Meeting of 11 March 2004 and by the Shareholders' Combined Ordinary and Extraordinary Meeting of 14 February 2008 (reducing directors' terms of office from six to three years; prohibiting the appointment of directors aged over 70 (versus 75 previously) if the appointment means that the proportion of Board members aged over 70 would exceed a third of the total number; authorising directors to participate in Board meetings using video-conferencing or telecommunication facilities) and by Articles L. 225-17 et seq. of the French Commercial Code.

In accordance with its Internal Regulations, the Board of Directors' agenda includes, once a year, an assessment of the Board's work and the operation of the Board is discussed. Note that in view of the company's size, the Board of Directors has not retained the AFEP-MEDEF measures concerning the assessment mechanism by an external consultant. In 2017, the annual assessment, which was carried out using a questionnaire, was discussed at the Board of Directors meeting of 21 November 2017. During this session, the directors expressed a very positive opinion of the organisation of the Board of Directors, as well as of the nature and scope of the information provided. During this meeting on 21 November 2017, it was decided that the time focused on presentations would be shortened in order to increase that focused on debates. The decision was also made to organise an annual meeting more specifically dedicated to the strategy of the various brands and to the Group's strategy as a whole.

Role of the specialist Committees

The Board of Directors has two permanent specialist Committees to help it prepare its decisions effectively: the Audit Committee and the Remuneration and Appointments Committee.

The specialist Committees are composed of members of the Board of Directors. The Board appoints the members and the Chairman of each of the Committees.

The Audit Committee

The Audit Committee has two members (Board members without operational functions), one of whom is independent according to the AFEP-MEDEF criteria. These members have the required skills in accounting, finance, internal control and risk management.

The Committee assists the Board in examining and approving the annual and half-yearly financial statements and, occasionally, with all operations or events that could have a significant impact on the situation of the Group, or its subsidiaries, in terms of commitments and/or risk.

In accordance with Article L. 823-19 of the French Commercial Code, and without prejudice to the powers of the Board of Directors (which are not replaced), the Audit Committee is responsible for:

- monitoring the process used to prepare the financial information, and making recommendations (if needed) to ensure the integrity of this information;
- monitoring the effectiveness of internal control, risk management and (if necessary) internal audit systems, by examining the procedures used to prepare and process the accounting and financial information, without its independence being compromised;
- making a recommendation to the Board of Directors on the Statutory Auditors whose appointment or renewal will be put to the Shareholders' Ordinary Meeting;
- ensuring that the Statutory Auditors fulfil their mission and taking account of the observations and conclusions of the Haut Commissariat aux Comptes following its statutory inspection;
- ensuring that the Statutory Auditors meet the independence conditions and, if applicable, taking any necessary measures;
- approving the provision of services other than the certification of the financial statements and more generally any role or right enshrined by the applicable legislation;
- reporting back regularly to the Board of Directors on the completion of its work, the results of the work to certify the financial statements, the way this work has contributed to the integrity of the financial information and the role it has played in this process. It must notify any difficulties it encounters without delay;
- and, more generally, performing any work and/or asserting any right provided for by the applicable legislation.

In order to carry out its duties, the Audit Committee has access to all accounting and financial documents. It interviews those in charge of preparing the financial statements and the Statutory Auditors in order to obtain assurance that the latter have had access to all the information required to perform due diligence.

During the 2016/2017 financial year, the Audit Committee met twice (in November 2016 and May 2017), to examine the 2015/2016 financial statements and the half-yearly financial statements at 31 March 2017.

The Remuneration and Appointments Committee

The Remuneration and Appointments Committee has two members (Board members without operational functions).

The Remuneration and Appointments Committee is responsible for presenting proposals or recommendations to the Board of Directors relating in particular to:

- the overall remuneration policy of the Company's executive corporate officers;
- the type and method of calculating the remunerations of these executives after comparison with the practices observed in other companies;
- share options or bonus share grants;
- the appointment of directors and the appropriateness of renewing terms of office;
- and, generally, any question submitted to it by the Chairman or the Board of Directors regarding the remuneration of executives and the composition of the Board of Directors.

The Remuneration and Appointments Committee met once in the 2016/2017 financial year. At this meeting, the Committee worked on the allocation of preference shares.

2.3.1.4 Powers of the executive management

The meeting of the Board of Directors held on 20 October 2014 decided to combine the functions of Chairman and Chief Executive Officer.

Since 20 October 2014, Gérard Brémond has been Chairman and Chief Executive Officer, for the duration of his term of office, i.e. until the end of the Meeting held to approve the financial statements for the financial year ending 30 September 2018.

Powers of the Chairman of the Board of Directors

As Chairman of the Board of Directors, Gérard Brémond organises and oversees the work of the Board of Directors and reports to the Shareholders' Ordinary Meeting. He ensures that the Company's corporate decision-making bodies operate effectively and in particular that the directors are in a position to fulfil their duties.

Powers of the Chief Executive Officer

As Chief Executive Officer, Gérard Brémond is vested with full powers to act on behalf of the Company in all circumstances. He represents the Company in its relations with third parties. No limitation has been placed on the powers of the Chief Executive Officer. However, these powers are subject to the limits of the company purpose and the powers explicitly allocated by the law to shareholder meetings and the Board of Directors.

2.3.2 Special procedures for the involvement of shareholders in the Shareholders' Ordinary Meeting

Detailed information on special procedures for the participation of shareholders in Shareholders' Ordinary Meetings is provided in the Company's articles of association (Section V – Shareholders' Ordinary Meetings) and is also summarised on pages 195 and 196 of this Registration Document.

According to Article 16 of the articles of association, any shareholder, irrespective of the number of shares they hold, is entitled, on proving their identity and shareholder status, to participate in Shareholders' Ordinary Meetings subject to book-entry of their shares at midnight (Paris time) at least two working days before the Shareholders' Ordinary Meeting. The recording or entry in the books of bearer shares held by an authorised intermediary is proven by a certificate of participation issued by the latter in accordance with legal and regulatory provisions.

2.3.3 Remuneration of executive and non-executive corporate officers

The Company selected the AFEP-MEDEF Code as its benchmark code. Within the context of the "Comply or Explain" rule laid down in Article 27.1 of the AFEP-MEDEF Code, the Company believes that its practices comply with the recommendations of said Code, with the exception of the points mentioned on page 51 of this Registration Document.

The executive and non-executive corporate officers whose remunerations are detailed in the Board of Directors' report to the Shareholders' Ordinary Meeting receive fixed and variable remuneration in accordance with their employment contract with S.I.T.I.[(7)]. The determination of the variable remuneration is linked to the financial performance of the Pierre & Vacances-Center Parcs Group and the attainment of personal targets. They can be allocated options to subscribe for or purchase shares and be granted bonus shares in accordance with financial performance criteria.

There are no additional pension schemes specific to executive and non-executive corporate officers. They receive, in accordance with their contract of employment with S.I.T.I., an end-of-service lump sum payment calculated on the basis of the rules applicable to all salaried employees.

All of these rules apply to all members of the Executive Management Committee/COMEX.

(7) S.I.T.I., nor with any of the Pierre & Vacances-Center Parcs Group companies.

2.3.4 Internal control and risk management mechanisms

2.3.4.1 Objectives and procedure

The internal control procedures and organisation that follow are intended to identify, prevent and control the risks that the Group faces. Like any control system, it cannot however provide certainty that the risks are totally eliminated. The internal control procedures are mainly aimed at:

- supporting the Group in achieving its strategic and operational objectives;
- protecting the reliability, quality and availability of the financial information;
- protecting the Group's assets, human capital and brands;
- complying with the applicable laws and regulations.

The Group Executive Management, more specifically, the Deputy Executive Management (hereinafter referred to as DGA) are responsible for steering the management of internal control procedures and the preparatory work and diligence required to produce this report. This report covers the Group's internal control procedures applied to the tourism and property development businesses. This report was drawn up based on interviews with the heads of the various Finance Departments, Group Internal Audit, as well as written information (descriptions of organisational structures and procedures, audit plans, etc.) provided by these departments.

This report describes the internal control procedures and organisation in force during the 2016/2017 financial year.

2.3.4.2 Internal control procedures

Internal control procedures extend to all of the Group's business activities and are designed to provide a reasonable assurance, but not certainty, that risk factors are well managed and that the Group's objectives are being achieved.

Overview of procedures

Board of Directors

The Board of Directors has a two-fold responsibility:

- as a **corporate body of the Group's parent company,** it takes decisions which go beyond the sole control of the Group's executive and non-executive corporate officers (guarantees and pledges, allocation of share options, preparing the parent company financial statements and the half-yearly and full-year consolidated financial statements, etc.) and, pursuant to these decisions, confers upon them special and limited powers;
- as the **Group's supervisory body,** the Board is responsible for appointing and supervising the executive and non-executive corporate officers of the parent company and indirectly oversees the principal subsidiaries, which regularly report to it on the activities of the tourism and property development businesses in particular.

Other decision-making bodies

The Société d'investissement Touristique et Immobilier brings together the principal Managers of the Pierre & Vacances-Center Parcs Group. As part of its management activities, S.I.T.I. makes them available to the Group. As such, these executives are included on the Management Committees described below.

The set of rules of governance that have been put in place by the Group makes it possible to ensure – amongst other things – that S.I.T.I. SA does not abuse its powers of control:

- the Group Executive Management Committee includes executives mostly from Pierre & Vacances and Center Parcs structures;
- the other Committees include operational staff from Pierre & Vacances and Center Parcs to ensure that decisions are shared.

Executive Management Committee

The Group Executive Management Committee has four members: the Chairman and Chief Executive Officer, the two Group Deputy Chief Executive Officers and the Chief Executive Officer for the Tourism business.

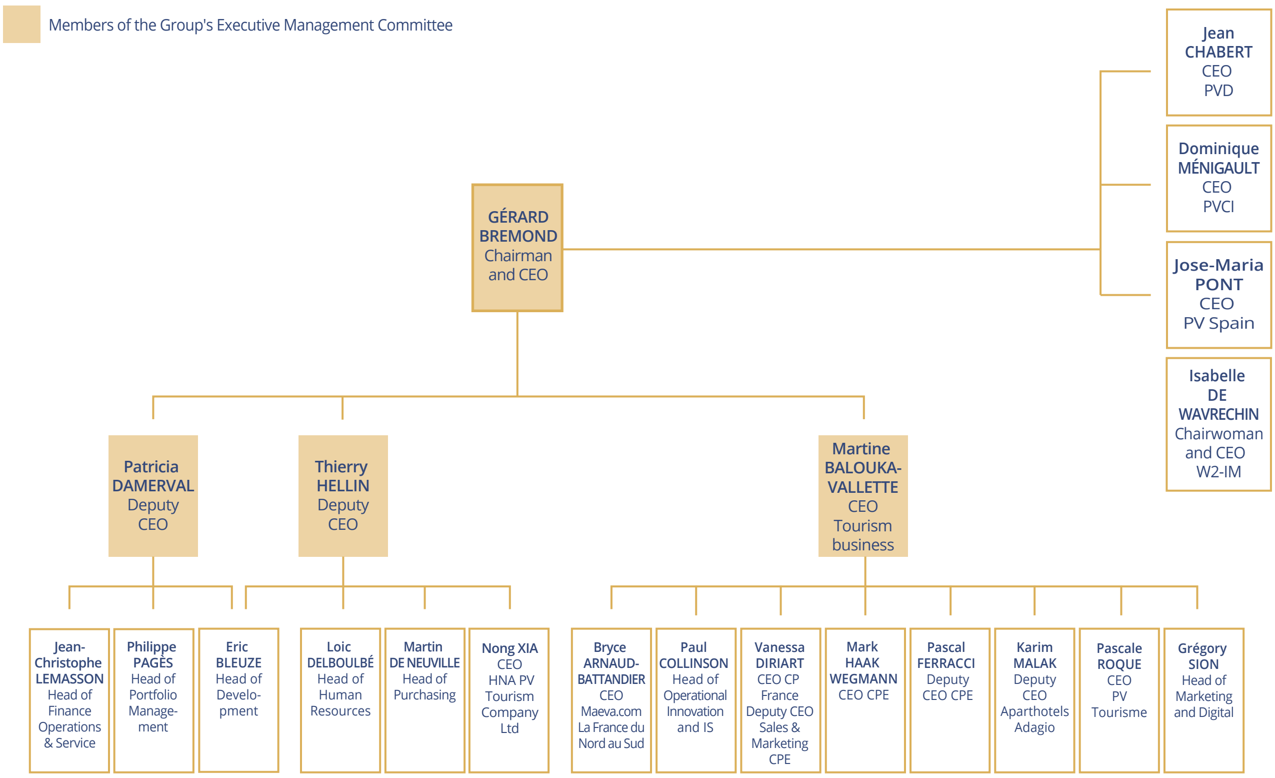
The Committee meets once a week and decides on the strategic guidelines that need to be implemented to enhance the Group's operational performance, such as major financial balances (revenue, profit (loss), cash flow, data consolidation, etc.), consolidated risk management, brand strategy, product segmentation, the geographical spread of the development zones for the various brands, and human resources. This Committee is also in charge of anticipating future changes in the Group's businesses, strategic planning and developing internal synergies within the Group.

The Management Committees

The Management Committees below are chaired by a member of the Executive Management Committee. Those Committees allow this member to supervise the actions of the management bodies of the Group's subsidiaries and corporate departments before, during and after important decisions are implemented, and to monitor the Group's day-to-day business.

Group Executive Committee (COMEX)

As of 30 September 2017, the Group Executive Committee has 22 members:



This Committee meets every two months. It steers the implementation of strategic plans and discuss on major operational initiatives required to enhance the Group's growth and performance.

Tourism Committee

The Committee is chaired by the Group's Chief Executive Officer for the Tourism business. Other members include the Deputy Chief Executive Officers of Center Parcs Europe and Pierre & Vacances Tourisme, the Chief Executive Officer for Sales and Digital, the Head of Operational Innovation and Information Systems, the Group's Head of Finance for Operations and Services, Group Head of Human Resources and the Group Head of Asset Management. The latter two may attend these meetings if invited.

This Committee meets once a month. It decides on the initiatives necessary to enhance the growth and performance of the Tourism business.

Development Committee

This Committee, comprising the Chairman and Chief Executive Officer, the two Group Deputy Chief Executive Officers, the Chief Executive Officer for Tourism and the Development Manager, meets each week in order to decide on development projects.

Adagio Development Committee

The Development Committee meets once a month to examine all the Adagio development projects. The Adagio team presents the projects that are being studied by this Committee, which includes representatives of the Pierre & Vacances-Center Parcs Group (Chairman and Chief Executive Officer, Chief Executive Officer for Tourism and Development Manager) and Accor (Chief Executive Officer for Hotel Development and his Deputy Chief Executive Officer).

Property Development Committee

The Property Development Committee meets twice a month. This Committee consists of the Chairman and Chief Executive Officer, the main executives of the Property Development business (Pierre & Vacances Développement and Pierre & Vacances Conseil Immobilier), the Development Manager, the Manager of the Treasury/Financing department and one Director representing the Tourism business. The Committee is responsible for launching and monitoring property development programmes (studies, marketing, construction starts, issues related to construction progress, sales formulae, potential disputes, etc.).

Les Senioriales Strategic Committee

The Les Senioriales Strategic Committee meets once a month. This Committee includes the Chairman and Chief Executive Officer, the Chief Executive Officer of Pierre & Vacances Développement, the Development Manager and the Chairman of Les Senioriales. It provides updates on the business and current projects, and authorises land purchases.

Board of Management and Supervisory Board of Center Parcs Europe

The two corporate governance bodies of Center Parcs Europe NV, a Dutch company, are the Board of Management and the Supervisory Board.

The Board of Management of Center Parcs Europe NV has two members: the Chief Executive Officer and the Vice Chief Executive Officer. The Board of Management is required to comply with the instructions issued by the Supervisory Board in terms of the Company's financial, social and economic strategy. The Supervisory Board, consisting of three members (one of which is not executives of the Group), is specifically responsible for supervising more closely and advising the Board of Management on a more regular basis. The Supervisory Board oversees the Board of Management and the general conduct of the Company's business. It generally meets four times a year.

Corporate Departments

A number of the Pierre & Vacances-Center Parcs Group's corporate departments have been assigned internal control responsibilities. This is the case in particular for the Group Internal Auditing and the Finances Group Operations and Services Department, as well as the Legal Department, Insurance and Risk Management Department and the Human Resources Department. These corporate departments are centralised at the Group's Paris head office and are part of the two Deputy Executive Management Departments, who report directly to the Chairman and Chief Executive Officer of the Pierre & Vacances-Center Parcs Group.

Their responsibilities include:

- checking that the policies (financial, legal, sustainable development, purchasing, human resources, etc.) set at Group level are being correctly applied within the subsidiaries and operational departments of the Pierre & Vacances-Center Parcs Group;
- implementing shared initiatives on behalf of the subsidiaries and departments, each in their area of expertise and in close partnership with the teams of the subsidiaries and departments themselves (e.g. hedging risks, drawing up and approving contracts, recording accounting transactions, drafting collective labour agreements, etc.);
- assisting operational managers, where required, in their respective areas of expertise.

Centralising these functions within departments that are independent of the business segments allows the Group to enhance controls and reduce risk exposure, while ensuring that Group policies are applied consistently.

Summary of delegation and internal control structure

This structure is based on:

- a legal arrangement for each entity: a wholly-owned holding company, under a "flattened" organisation and legally independent subsidiaries with their own "business" Chief Executive Officers, and whose corporate governance bodies, where such exist (depending on the company's legal form), are made up of Group executives from outside the relevant business segment, in order to ensure optimum consultation, coordination and control by the parent company;
- an organisation centralising resources and monitoring activity Group wide. It includes two Deputy Chief Executive Officers.

This organisation ensures that policies and procedures are consistently applied across the Group, while allowing a high level of delegation of day-to-day responsibilities. Because the Company is organised by legal entity, a formal delegation scheme has been put in place by which each operational manager is given both the resources and personal responsibility for his or her actions.

Risk management

The main risks and the way they are covered are presented in paragraph 1.2 Risk management. Owing to the nature of its business, the Group mainly monitors risks related to the seasonal nature of its business, construction risks, and risks related to the stock of residences being marketed, receivables and rental commitments. The Group has implemented a market risk hedging and monitoring policy to manage its liquidity and interest rate risks.

The Group Legal Department is centralised and reports to the Group Deputy Chief Executive Officer in order to coordinate risk management. It intervenes upstream to secure the Group's legal commitments and monitors disputes involving all of the operational subsidiaries. A Risk Manager is responsible for handling insurance at Group level (including Center Parcs Europe) in order to optimise risk management (conservation/externalisation) and oversee the declarations of risks and claims.

The operational departments of Center Parcs Europe and Pierre & Vacances Tourisme Europe are made up of operational security experts (water quality, fire prevention, etc.) who coordinate the health and safety policy on the sites for all customers and employees and take all necessary steps (training, operational audits, crisis management). Group Internal Auditing, in partnership with the Legal Department, monitors the mapping of Group risks.

As part of its task, interviews took place with key people in the Group in order to get an idea of the perception of risks within the Group.

The risks listed were assessed in terms of impact, frequency and level of control.

The Group is making its best efforts to work as a priority on the main potential risks by improving its level of control by implementing action plans. During the previous financial year, the mapping was updated and management objectives were set to reduce the Group's exposure to the main risks identified.

As part of its risk management policy and in accordance with the Sapin II law, the Group's overall policy is to reinforce corruption prevention mechanisms.

Reinforcing the prevention and protection mechanism to reduce the risk of corruption involves the following measures:

- adopting a code of conduct within the internal regulations, with a related disciplinary penalty policy;
- training company managers and the most high-risk staff;
- implementing a whistle-blowing system;
- risk mapping specific to the risk of corruption;
- devising a procedure for assessing the situation of customers, tier one suppliers and intermediaries;
- introducing a system to check and internally evaluate the steps taken;
- auditing internal or external accounts.

Description of the internal control procedures to produce financial and accounting information

The DGA carries out the main internal control tasks relating to the preparation of financial and accounting information, primarily through its Internal Audit Department and the Finances Group Operations and Services Department. A body of procedures and practices has been defined to ensure that action is taken to control risks, which could have a material effect on the Group portfolio or adversely affect its ability to achieve its corporate objectives.

Organisation and role of the DGA's finance departments

The DGA is responsible for central and operational management functions within a framework of delegated responsibilities for each business.

Finance Departments

Financial Strategy/Financing Department

This Department is organised into two segments:

- **The Strategic Operations and Group Financial Communication Department**

This Department has two roles:

  - **strategic operations:** responsible for all equity transactions, which have an impact on the capital (capital increase, bond issue with an equity component, etc.);
  - **financial communication:** oversees the Group's external financial communication to financial analysts, investors and shareholders. It also checks and approves all financial information and press releases issued by the Corporate Communication Department and by the Tourism and Property Development Operational Departments, and ensures the overall coherence of external financial information disclosures.

- **The Treasury and Financing Department**

This Department:

  - structures Group financing and hedges interest rate risks using derivatives;
  - plays an active role in securing finance from institutional partners, which invest in these assets operated by the Group;
  - manages the cash flow of the subsidiaries, centralised in a cash pool;
  - manages the distribution of the cash/debt position between banks, organises the Group's invitations to tender and ensures the consistency of information published in its scope of activity.

Finances, Operations and Services Department

This Department has four main segments:

- **The Group's Tourism Operational Finance Department (DFOT)**
  - The DFOT leads and measures the economic performance of the Group's Tourism business. It applies the financial objectives of the Group for each brand, checks and measures their achievement via the reporting system, and proposes any corrective action necessary. It is responsible for the budgeting process, business forecasts and medium-term operating profit (loss).
  - Generally, the Operational Finance Department assists operational departments on all financial matters (simulations, calculations, pricing policy, specific actions, etc.) and ensures the synthesis of the Group's financial performance. It takes part in the Tourism division's monthly Business Reviews, which are attended by the Finances Group Operztions and services Management, the Tourism Operational Finance Department, the Business Lines and the Sales Executive Management, in addition to the Executive Management of the Tourism division.
  - The DFOT also advises on development issues (business plans, profitability simulations on new and renovated property programmes) and on the renewal or creation of leasing formulae or on the reorganisation and rationalisation of the operating businesses.
  - The DFOT actively participates in designing and implementing new front- and back-office tools.
- **The Tourism/Holdings Accounting and Financial Systems Department**
  - The Accounting Department ensures the Group's accounting rules are correctly applied throughout the Group. Checks on the production of accounting information are made at the level of each "organisational sub-group" by teams working in close collaboration with the management control department. Checks take place at each residence/village, then at each brand name level across the Group, as well as at the level of each legal entity. Reporting takes place quarterly on the operations of the Pierre & Vacances brand, and monthly for the Center Parcs, Adagio and Villages Nature Paris brands.
  - In addition to its role in producing accounts (the accounting tool is SAP across the Group, except for LFNS acquired in the course of the previous financial year), coordinating and checking accounting applications and procedures, the accounting function's role is to support operational managers in providing financial information. It also takes part in implementing administrative and sales IT tools.

- This Department is sub-divided into two Departments: an Accounting Department for the Tourism Business and Holding companies and a Transformation & Financial Systems Department:
  - the **Tourism/Holding Accounting Department**

    This department is composed of (i) a Paris-based team which supports the Tourism France Business Line (Pierre & Vacances, Maeva, Adagio and Villages Nature Paris brands) and the Center Parcs business in France, (ii) a team based in the Netherlands, in Kempervennen, which is responsible for the Center Parcs business in Belgium, the Netherlands and Germany, and (iii) a team based in Barcelona, providing financial monitoring of the Tourism business in Spain. These teams monitor commercial activity (price, volume, channels, etc.) alongside the Chief Executive Officer (Sales and Digital) for the business lines Pierre & Vacances, Maeva, Adagio and Center Parcs Europe. In the three countries, the teams are organised around supplier, client, recovery and general accounting flows (including tax declarations, bank flows and flows concerning fixed assets).

    The Financial Management department for owners and joint-owners is based in Paris and relies on local know-how in Barcelona and in Kempervennen to manage the owners of the Spanish, Belgian, Dutch and German sites to bring a quality service to the owners. It manages all of the joint-ownerships, multi-ownerships, data base management (leases, owners), financial relations with owners and management of the stock of accommodation units to market by the Tourism France department.

    Tourism sales administration is responsible for invoicing, collection, customer account management, management of disputes and processing refund claims for direct customers (call centres, Internet, etc.), indirect customers (tour operators, travel agents, works councils, etc.) and for sales made at the various sites (management of cash received); These services also cover credit management and customer risk and prevention management, in relation with the sales department.
  - the **Transformation and Financial Systems Department (DTSF)**

    The DTSF provides project management assistance for the Group's financial business lines. It assesses the needs of the operational and financial departments in terms of information systems and works with the Operational Innovation and Information Systems Department (which reports to the Group's General Tourism Department) to implement the tools required.

    The DTSF is working on the upgrade and evolution of back-office and reporting systems.

- **The Group's Property Development Finance Department (DFI)**

  Given the specific features of the Group's property development business, the DFI handles accounting information production services for the business and also animates and measures the underlying performance of the Group's property development division.

  The Property Development Accounting Department is the contact for each Programme Director for the financial monitoring of projects (spending commitments, situation of works, etc.).

  The Property Management Control department implements the economic objectives of the Group and each of the property marketing and development activities, controls and assesses their realisation and proposes actions to be taken. Bimonthly Business Reviews are organised with the general management teams of the property divisions concerned.

- **The Finance Corporate Department**

This Department is sub-divided into two Departments:

- The **Tax Department**:
  - supervises and coordinates the Group's specific tax policies in each of the countries where it operates (France, the Netherlands, Germany, Belgium, Italy and Spain); in this respect it ensures monitoring of tax controls and litigation in France and coordinates and supervises instruction of tax controls and litigation in each of the countries where it operates, with the support of its tax advisers if necessary. It also draws up tax planning for the businesses in France and supervises and coordinates tax planning implemented at the subsidiaries in the local jurisdictions where the Group is established;
  - is directly responsible for the Group's tax consolidation in France;
  - functionally supervises the work of the teams of the Accounting Department of the Tourism and Holding entities which oversee the tax entities located in the Netherlands, Germany and Belgium;
  - advises and assists the operating departments in all issues relating to tax law and ensure fiscal follow-up regarding evolution of fiscal law.
- The **Consolidation Department**

  The Consolidation department is responsible for production, analysis and restitution of the Group's consolidated accounts, established under prevailing IFRS accounting rules. It monitors standards, determines the impact of the first application of new standards and defines the Group's accounting principles.

  Drawing up the accounts includes the following main stages:
  - Before each consolidation phase, preparation and transmission by the Consolidation department of precise instructions for the subsidiaries, including a detailed schedule;
  - Realisation and analysis of the consolidated accounts based on accounting and management information that is passed onto it for the entire scope of consolidation;
  - Use of a unique software package tool deployed in the Group's subsidiaries. Maintenance of this tool and training for users is undertaken by the Consolidation department with temporary assistance from external consultants if necessary.

The Development Department

This Department is responsible for:

- external growth operations, acquisitions of property assets (mainly tourist residences) or businesses goodwill;
- asset disposals;
- structuring finance (equity/debt – in partnership with the Financing Department) for projects in France (searching for institutional investors – Center Parcs, Villages Nature Paris, etc.).

Portfolio Management Department

The Portfolio Management Department acts as the liaison between the owners and all of the Group Operational Departments for all issues relating to leases and property management of the owners' portfolio.

It brings together all the teams and functions dedicated to management of relationships, contracts and properties with regard to owners and multiple owners.

This department works in three areas:

- owner relations (communication, management of stay fees, etc.);
- property management (management activity and co-ownership syndicates);
- renewal of leases.

Group Internal Audit Department

This Department was set up during the 2009/2010 financial year to make the internal control mechanisms more efficient.

It works with the Group's various business segments, as part of an annual audit plan and via one-off missions at the request of the Group Executive Management. The tasks and themes dealt with may affect all of the Group's businesses and subsidiaries.

The Operational Finance Department actively participates with the Group Internal Auditing and Operating Control in financial audit tasks, but also social and regulatory audits of tourism operations related to holiday residences. These audits are mainly carried out on the operating sites (residences or villages from all the brands). In addition, the Operational Finance Department issues and distributes procedures aimed at limiting the risks of financial losses on-site. The main aim of the on-site audit missions is to ensure that procedures are correctly applied, but also, working closely with the Human Resources Department, to ensure that social obligations and labour laws concerning advertising, keeping of registers, etc. are correctly applied.

The main areas of risk covered by the internal audit are:

- ensuring that revenue generated on-site is reported correctly and is optimised. It verifies that services provided have been invoiced correctly. Checks are also made on the correct application of pricing terms and justification of any discounts given. Finally, revenue deletions and reimbursements are traced and analysed;
- the security of property and financial assets. As such, the audit verifies in particular that proper security procedures are deployed on each site to protect cash receipts and deposits. Checks are also made on bank deposits to ensure their accuracy and consistency;
- collection and level of payments outstanding from customers. To ensure optimum recovery, many points are examined: drafting and strict enforcement of standardised contracts for the groups and seminars, reminders to debtors according to the deadlines given, collection of guarantee deposits, proper recording of client addresses;
- purchasing flows; approval of suppliers as part of the Group's common purchasing policy and its application. The validation of order forms, receipts and payment authorisations also receives particular attention during these audits.

The sites audited are either selected by Group Internal Audit at random or according to their profile (holiday villages have greater risk exposure than small residences) or in response to specific requests from Executive Management. There will be a reinforced programme for Center Parcs villages, which have a unitary business volume: a full audit every other year, followed by a repeat audit within six months, as well as a "mystery visit" by the Group's Internal Audit Department or by a specialist company; these visits may be for prevention purposes or may be the result of suspicions of fraud.

Group Internal Audit also carries out audits on specific subjects (application of ISO 14001 environmental management standard, compliance with procedures, etc.).

At the end of each audit assignment, audit reports are drawn up and submitted to the audited sites, to Executive Management and to the external auditors for the larger sites. An action plan is drawn up in collaboration with the site managers concerned and follow-up assessments are performed within a maximum of six months of the initial audit to ensure that the report's recommendations have been applied.

Theft and fraud prevention procedures have been put in place. These procedures include, for the Center Parcs villages, a quarterly self-assessment questionnaire for each village covering the key control indicators. Visits by the Internal Audit Department to villages also allow them to check whether these questionnaires are accurate.

Reporting system

The operations monitoring and control process is built upon a medium-term business plan, budget planning, re-forecasting and the reporting cycle for all of the Group's activities.

The five-year strategic business plan setting out the Group's strategy is usually produced in July and updated during the year in order to ensure consistency between short and medium-term objectives. This plan is drawn up based on the Group's strategic choices and developments, taking into account property developments, changes in site inventory, recovery and renovation of assets, pricing trends and forecasts for occupancy rates. The first year of this business plan is used to define, at the end of July, a budgetary framework for the next financial year.

The budgeting process is organised and supervised by the Finances Operations and Services Department in coordination with the businesses and Operational Departments. It has three phases:

- the pre-budget makes it possible for Property Development to identify the programmes and corresponding margins and for the tourism business to estimate the revenue by season and by brand from the development of the offering, the sales strategy and the operational expenses (advertising, personnel, rent, etc.) according to the assumptions of distribution policies, investment plans, salary policy, indices;
- the framework refines the pre-budget assumptions, in particular for all of the personnel structures and on the tourism businesses through operator validation of the sales targets, variable expenses, and additional revenue streams on each site;
- the budget, finalised in September, consolidates all the assumptions validated for each property development programme and for sites that are already operational. Approved by Group Executive Management, it is broken down on a monthly basis to use as a reference for Group reporting and is sent to each of the operating entities.

Regular reforecasts for all businesses mean that the budget for the year can be revised in light of achievements to date.

In addition to this regular monitoring, **the Finances Operations and Services Department also provides tailor-made reporting solutions** for each business line, which are analysed at monthly operational reviews and sent to the Group Executive Management.

- Weekly monitoring of tourism reservations enables the General Tourism Department, the General Sales Department and the Business Lines to optimise the sales policy and yield management, as well as allowing operators to adapt the organisation of operating sites in line with occupancy forecasts.
- Site operating expense reports are compared each month with monthly budgets and actual results recorded the previous year and given to the Business Line Managers and to the various operating managers in the regions concerned. These reports are also reviewed with the Business Lines. Marketing budgets and general expenses are also monitored on a monthly basis.
- Budgets for property development programmes are reviewed regularly and systematically revised each quarter with the relevant property Programme Manager.
- For the marketing of properties, the number of signed sales is reviewed twice a month and monthly reportings are examined with the General Management notably on marketing expenses (network and private advisors) and on sales expenses and general overheads.

2.4 Statutory Auditors' report, prepared in accordance with Article L. 225-235 of the French Commercial Code, on the report by the Chairman of the Board of Directors of Pierre et Vacances

Financial year ended 30 September 2017

To the Shareholders,

As the Statutory Auditors of Pierre et Vacances and pursuant to the provisions of Article L. 225-235 of the French Commercial Code, we present our report on the report prepared by the Chairman of your company in accordance with the provisions of Article L. 225-37 of the French Commercial Code for the financial year ended 30 September 2017.

It is the Chairman's responsibility to prepare and submit for the approval of the Board of Directors a report on the internal control and risk management procedures in place within the Company and containing the other information required by Article L. 225-37 of the French Commercial Code on the corporate governance system.

It is our responsibility to:

- report to you our comments on the information contained in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information; and
- certify that this report contains the other information required by Article L. 225-37 of the French Commercial Code. It is not our responsibility to check the accuracy of this other information.

We conducted our work in accordance with professional standards applicable in France.

Information on internal control and risk management procedures relating to the preparation and processing of accounting and financial information

Professional standards require that we perform the necessary procedures to assess the fairness of the information provided in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information. These procedures mainly consist of:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information upon which the information presented in the Chairman's report is based and of the existing documentation;
- obtaining an understanding of the work involved in the preparation of this information and of the existing documentation;
- determining if any material weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we may have noted in the course of our work are properly disclosed in the Chairman's report.

On the basis of our work, we have no comments to make on the information regarding the company's internal control and risk management procedures relating to the preparation and processing of the accounting and financial information contained in the report prepared by the Chairman of the Board of Directors in application of the provisions of Article L. 225-37 of the French Commercial Code.

Other information

We certify that the report by the Chairman of the Board of Directors contains the other information required by Article L. 225-37 of the French Commercial Code.

Neuilly-sur-Seine and Paris-La Défense, France, 14 December 2017

The Statutory Auditors

GRANT THORNTON	ERNST & YOUNG et Autres
French member of Grant Thornton International	
Virginie PALETHORPE	Bruno BIZET

2.5 Statutory Auditors' special report on regulated agreements and commitments

Financial year ended 30 September 2017

To the Shareholders,

In our capacity as your Company's statutory auditors, we hereby present our report on regulated agreements and commitments.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions as well as the reasons justifying the interest for the Company of those agreements and commitments indicated to us, or that we may have identified in the performance of our engagement. We are not required to comment as to whether they are beneficial or appropriate or to ascertain the existence of any such agreements and commitments. It is your responsibility, in accordance with Article R. 225-31 of the French Commercial Code (Code de commerce), to evaluate the benefits resulting from these agreements and commitments prior to their approval.

In addition, it is our responsibility, where applicable, to report to you the information required by Article R. 225-31 of the French Commercial Code relating to the execution, during the financial year under review, of agreements and commitments previously approved by the Shareholders' Ordinary Meeting.

We performed the procedures we deemed necessary pursuant to the professional guidelines of the French Institute of Statutory Auditors (Compagnie nationale des commissaires aux comptes) regarding this type of assignment.

Agreements and commitments submitted for approval by the Shareholders' Ordinary Meeting:

We hereby inform you that we have not been advised of any agreement or commitment authorised during the past financial year to be submitted to the Shareholders' Ordinary Meeting for approval in accordance with Article L. 225-38 of the French Commercial Code.

Agreements and commitments already approved by the Shareholders' Ordinary Meeting:

We hereby inform you that we have not been advised of any agreement or commitment already approved by the Shareholders' Ordinary Meeting remaining in effect during the financial year.

Neuilly-sur-Seine and Paris-La Défense, France, 14 December 2017

The Statutory Auditors

GRANT THORNTON	ERNST & YOUNG et Autres
French member of Grant Thornton International	
Virginie PALETHORPE	Bruno BIZET

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3

SOCIAL, SOCIETAL AND ENVIRONMENTAL RESPONSIBILITY

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3.1 Our sustainable development policy

3.1.1 Creating shared value

The Pierre & Vacances-Center Parcs Group welcomes nearly 8 million customers every year to close to 200 sites (not including Adagio and Maeva) in 5 countries. It manages a portfolio of over 22,500 owners. Our offering is largely based on local tourism accommodation which is well-integrated with the local community. Our business model combines property development and tourism operations. Our offering and business model help us to build a coherent social and environmental responsibility strategy which fits in with the company's growth strategy and meets the expectations of our customers and all of our stakeholders.

As a leading provider of holiday residences in France and Europe, our Group has a responsibility:

- to its 12,212 employees, to provide them with the best working conditions and enable them to grow and develop professionally in all roles;
- to its local partners, with which it builds long-term connections in each community as a socio-economic player;
- to the natural spaces where its sites are located, which directly contribute to the appeal of its sites and residences;
- to its shareholders and investors for whom non-financial performance is part of the long-term value of their investment.

Our customers, owners, shareholders and investors have been placing their trust in us for almost 50 years. Our Group's longevity is a result of the proven capacity of our teams in financing property development projects and bringing unique and innovative concepts to life, which are designed to meet tourists' current and future expectations. Against this backdrop, the Group's sustainable development approach is a driver of performance and innovation. This includes research into optimised solutions with less of an impact on the environment (such as geothermal energy for Villages Nature® Paris – a project which opened in September 2017 and was developed as a joint venture with Euro Disney S.C.A.) and enriching the customer experience (digitalisation of the customer process, development of new nature and sustainable development-related leisure concepts, etc.).

Inclusion in non-financial rankings

For the eighth year running, the Group was listed in the 2017 Gaïa-Index, and improved its ranking (9th/87 in 2017 compared with 22/81 in 2016 – in the revenue >€500 million category).

The Gaïa index lists the 70 companies (SMEs, mid-sized companies) with the best non-financial performance. The Group is also eligible for the Ethibel EXCELLENCE investment register again this year, its CSR performance having been judged better than average in its sector. Moreover, the Group regularly responds to ratings agency questionnaires, giving investors access to detailed external analysis of our Sustainable Development policy.

3.1.2 Our commitments

The Group's commitments

Our CSR strategy is based on the following commitments:

- Implementing a responsible employer policy

  The seasonal nature of the tourism business, the geographical distribution of our employees and the diversity of our business lines steer our human resources management towards more employment flexibility and very mobile teams. This gives us a specific responsibility which we must integrate into a dynamic human resources policy that capitalises on the renowned expertise of our teams.

- Enhancing the natural capital of our sites and reducing our environmental impact

  The beauty of the landscapes where our sites are situated is a major asset. Preserving this environment and valuing local natural wealth is part of our know-how. This expertise is reflected in the design and operational phases, and in concrete initiatives to preserve biodiversity, manage water and energy use and manage waste.

- Making sustainable development a part of our teams' everyday life

  In order to embody our commitments in the day-to-day work of our teams, we have formalised and applied sustainable development standards and targets within each major operational department, and provided operational teams with tools to support the implementation of specific initiatives (BEST, certification, etc.).

- Developing unforgettable and responsible holidays

  In addition to its property development business, the Group's offers aims enabling *"raison d'être"* to families and groups of friends to get together in welcoming environments to discover, share experiences and reconnect. The sustainable development approach is now, more than ever, helping to provide our customers with a very different experience that meets their new expectations. Our services are gradually evolving and we are developing new leisure concepts focusing on nature and the local environment.

- Being a partner and contributing to communities over the long term

  Boosting local economies by generating jobs on our sites and through operational purchases, highlighting the cultural assets of each region and building strong, long-term relationships with each community are high priorities for us.

This Group policy forms a basis for the work of the various company departments. It is embodied by the various brand names in their own commitments, and they adapt the policy to each specific marketing, product development and operational management strategy.

Our CSR approach thus aims to create long-term value for all our stakeholders.

The policies of the brand

- **Pierre & Vacances**

In-depth work has continued on the platform of the Pierre & Vacances brand this year. The brand's customer commitments have been overhauled. The "respect for the environment and local identity" is currently one of the commitments, as are "flexibility" and "choice" for customers.

The Pierre & Vacances sustainable development commitment has been formalised. It is based on two pillars:

- the Environment: preserving the natural assets of the sites, promoting respect for and discovery of biodiversity;
- the Community: showcasing and being involved in local life.

We have designed a slogan in order to better communicate this sustainable development approach (specific to Pierre & Vacances): "Faisons plus ensemble" ("Doing more together"). It echoes the Pierre & Vacances brand's slogan, "Heureux ensemble" ("Happy together"), and reflects the brand's values.

A communication tool based on this slogan was launched this year and will be completed next year

- **Center Parcs**

Since last year, the Center Parcs brand has honed its sustainable development vision and defined the Naturall *(La Nature et Nous)* which is based on two pillars, Nature and Humans. The programme sets out quantifiable targets for decreased water and energy use and increased waste recycling. It also clearly communicates the brand's intention to act as a responsible employer, contribute to local economic growth and make customers aware of environmental issues in a fun way.

3

3.1.3 Our organisation

The Group's Sustainable Development (CSR) Department reports to the Deputy Chief Executive officer and:

- designs and then rolls out the CSR strategy to support the functions and business lines;
- ensures that commitments are consistent with specific action plans for business lines and operational business units;
- delivers Group reporting, puts operational tools in place and raises the profile of our commitments with our various audiences;
- supports the business lines with the development of new offerings and activities for our customers;

New links were set up with a dedicated team within Center Parcs France, reporting to its Management Committee and a dedicated person within the Purchasing Department.

Reporting scope

The reporting reference year runs from 1 October 2016 to 30 September 2017.

The Adagio brand has not been included in the reporting scope since 2015/2016, but its employment, water and energy consumption data are included in the AccorHotels Registration Document as the brand has signed up to the AccorHotels sustainable development programme.

For employment data, all employees paid by the Group are included, irrespective of the business (property development or tourism) or the brand (Center Parcs, Sunparks, Pierre & Vacances, Maeva, Les Senioriales and Villages Nature® Paris) for which they work and in all five countries where the Group operates (France, Belgium, the Netherlands, Germany and Spain). Lastly, the indicators do not include temporary staff.

For environmental data, the reference scope is all of the Group's operational units at 30 September 2017, with the exception of Les Senioriales. The Group does not monitor water and energy use for this brand. In those sites, Pierre & Vacances-Center Parcs offers many services. But the Group acts as a real estate developer and not as the site operator. With regard to Villages Nature® Paris data, as it has only been open since 1 September 2017, the volumes are not representative. The data will be published in the next Registration Document.

Sites which have joined the Group or new legal entities created during the reference year are included (with specific exceptions listed for each indicator). Sites and entities sold or closed during the year are not included.

Find the details of indicators in the CSR reporting on www.groupepvcp.com, Sustainable Development section.

3.1.4 Our CSR objectives

CSR approach	Targets	Scope and References	Actions 2016/2017	Progress of actions	Line of progression 2017/2018
Implementing a responsible employer policy					
Well-being	Monitoring employee satisfaction	Group 3.2.4.1	Establishing and rolling out action plans suitable for each department	Action completed	Implement and monitor Happy@Work survey-related action plans
Performance	Making managers the base of team performance	Group 3.2.2	Strengthening and widening measures to other management levels	Action completed	Consolidating managerial pathways: immersion module for different levels of management (Leaders, managers of managers and regional managers)
Skill management	Offering rewarding professional experiences associated with our employment model	Group 3.2.2 3.2.3	Continuing to professionalise our skills development policy	Action completed	Rolling out our Employee Value Proposition (EVP – Employer brand)
Equal opportunity	Ensuring equal opportunities between employees	Group 3.2.3.2 3.2.5.2	Steering performance	Action completed	Signing and rolling out the gender equality agreement in France
Security	Ensuring a safe working environment	Group 3.2 .5.1	Steering performance	Action completed	Rolling out on-site safety training as well as training for regional directors, site directors and technical managers
Enhancing the natural capital of our sites and reducing our environmental impact					
Water & energy	Optimising the sites' water and energy use	Group 3.3.1	Fine-tuning consumption analysis at all operational sites	Action completed	Continuing to optimise consumption across all sites
	La nature & nous Naturall target for Center Parcs by 2022: ◆ reducing energy use by 25% (compared with 2010) : -11% at 30/09/2017 ◆ reducing water use by 25% (compared with 2010) : -13% at 30/09/2017		Implementing Pegase at all Pierre & Vacances sites and adapt it to Center Parcs	Action completed	Rolling out ICARE (the water and energy consumption management tool) at Center Parcs
			Ensuring that new projects meet performance standards	Action partially completed *Standards in the process of being finalised*	Finalising and applying environmental standards for renovations and new Center Parcs projects

CSR approach	Targets	Scope and References	Actions 2016/2017	Progress of actions	Line of progression 2017/2018
Renewable energies	Increasing the share of renewable energies La nature & nous Naturall target for Center Parcs by 2022: 20% of energy consumed from renewable sources 12% of energy consumed was from renewable sources at 30/09/2017	Group 3.3.3	Developing renewable energies for new major projects	Action partially completed *Studies on new projects*	Continuing existing studies and conducting systematic studies on new projects
Waste	Optimising waste monitoring at Pierre & Vacances sites La nature & nous Naturall target for Center Parcs by 2022: recycle 60% of our waste 33.5% of our waste was recycled at 30/09/2017	Group 3.3.2	Devising a way of collecting waste data on Pierre & Vacances pilot sites	Action not completed	Introducing innovative recycling and monitoring solutions for new projects
			Sharing good practices between sites	Action partially completed	Sharing good practices between sites
Biodiversity	Implementing measures to preserve and monitor biodiversity on the sites (in the construction and operational phases) La nature & nous Naturall target for Center Parcs by 2020: 100% of sites to have prepared a differentiated management plan	Group 3.3.4	Biodiversity monitoring at CenterParcs Bois aux Daims	Action completed	Preparing a differentiated management plan structure
			Monitoring of biodiversity measures at Villages Nature® Paris opening	Action completed	Ensuring that preservation of biodiversity is taken into account in new projects (Center Parcs Lot & Garonne)
			Ensuring that preservation of biodiversity is taken into account in new projects	Action completed	
Making sustainable development a part of our teams' everyday life					
Sustainable development management tool	Monitoring the sustainable development performance of our sites using a dedicated management and reporting tool: BEST	Group 3.4.2	Rolling out the new version of BEST at the Group level	Action partially completed	Rolling out BEST for the whole of Pierre & Vacances France, Pierre & Vacances Spain and Center Parcs Europe

CSR approach	Targets	Scope and References	Actions 2016/2017	Progress of actions	Line of progression 2017/2018
Label	Pursuing environmental certification programmes for our sites	Group 3.4			
	Green Key target:- reaching 100% of Pierre & Vacances premium sites with the Green Key certification in 2018 and maintaining the label on certified sites which already have it - look into Green Key certification opportunities in Spain and launch certification on selected sites	Pierre & Vacances 3.4.2	Continuing certification of newPierre & Vacances premium France sites with a view to reaching the target	Action partially completed 73% in 2017	Continuing certification of new Pierre & Vacances premium France sites with a view to reaching the target in January 2019
	Naturall target for Center Parcs: maintaining ISO 14001 certification for 100% of sites	Center Parcs France 3.4.2	Implement the 2015 version of standard ISO 14001	Action completed	Maintaining ISO 14001 and ISO 50001 certification for Center Parcs France
Developing unforgettable and responsible holidays					
Raising awareness among parents and families	Offering children activities to make them aware of sustainable development issues and associated with nature Naturall target for 2020: offer one nature activity at each site	Group 3.6.1.1	Continuing and strengthening the Eco'lidays programmes in the Pierre & Vacances villages and the "Wanna be…" activities link with nature at Center Parcs	Action completed	Looking into a nature activity for the Domaines Center Parcs Continuing to organise the Kids Climate Conference in Europe
			Continuing to organise the Kids Climate Conference in Europe	Action completed	
			Expanding Nature-related activities at Villages Nature® Paris	Action completed	
Communication	Communicating our commitments and making our clients aware of good practices during their stay	Group 3.6.1.1	Rolling out communication tools at the sites	Action completed	Continuing with the communication mechanism across Pierre & Vacances and Villages Nature® Paris
			Developing a customer process and activities for the Villages Nature® Paris opening	Action completed	

CSR approach	Targets	Scope and References	Actions 2016/2017	Progress of actions	Line of progression 2017/2018
Being a long-term partner to the regions					
Purchases	A local responsible purchasing policy for the sites (in the construction and operational phases)	Group 3.5.3	Measuring the socio-economic impact of certain pilot sites and implementing a monitoring indicator for the operational phase	Action partially completed	Implementing the responsible purchasing policy, including monitoring regional purchasing
Recruitment	Recruiting locally during major project openings	Villages Nature Paris and Center Parcs 3.5.1 3.5.2	Implementing the measures provided for in the employment agreement for recruiting the team at Villages Nature® Paris	Action completed	Implementing measures to recruit locally for the Center Parcs Allgäu (Germany) project
Stakeholders	Setting up a local stakeholder consultation process for all our major projects	Group 3.5.1	Continuing local consultation policies	Action completed	Continuing local consultation policies for the Allgäu and Lot-et-Garonne projects

Materiality matrix:

In 2017, the Group compiled a materiality matrix in order to update its CSR issues.

A panel of internal representatives (operational departments and head office and site employees) and our external stakeholders were consulted so as to identify and map the Group's CSR issues.

This work was carried out in three stages:

1. identification of 31 significant issues for the Group, based on a documentary review (including ISO 26000) and after consultation of the different departments;
2. ranking these issues. To do so, each issue was listed on the one hand, by the Group's departments, according to their impact on the Company's business and, on the other, by employees and external stakeholders according to their level of expectation;
3. consolidation of results in the form of a map.

7 issues were deemed to be "major" for the Group:

For our customers:

- continuing to provide optimum safety and security conditions during their stay;
- providing an assurance that the use of their personal data enables us to enhance the relationship that we have with them and ensure they receive the best service;
- offering an unforgettable customer experience through the quality of our products and services.

For the Environment:

- continuing to manage our environmental footprint (optimisation of water and energy use, and limitation of water, air and noise pollution, preserving the natural capital and biodiversity of our sites, etc.).

For our local partners:

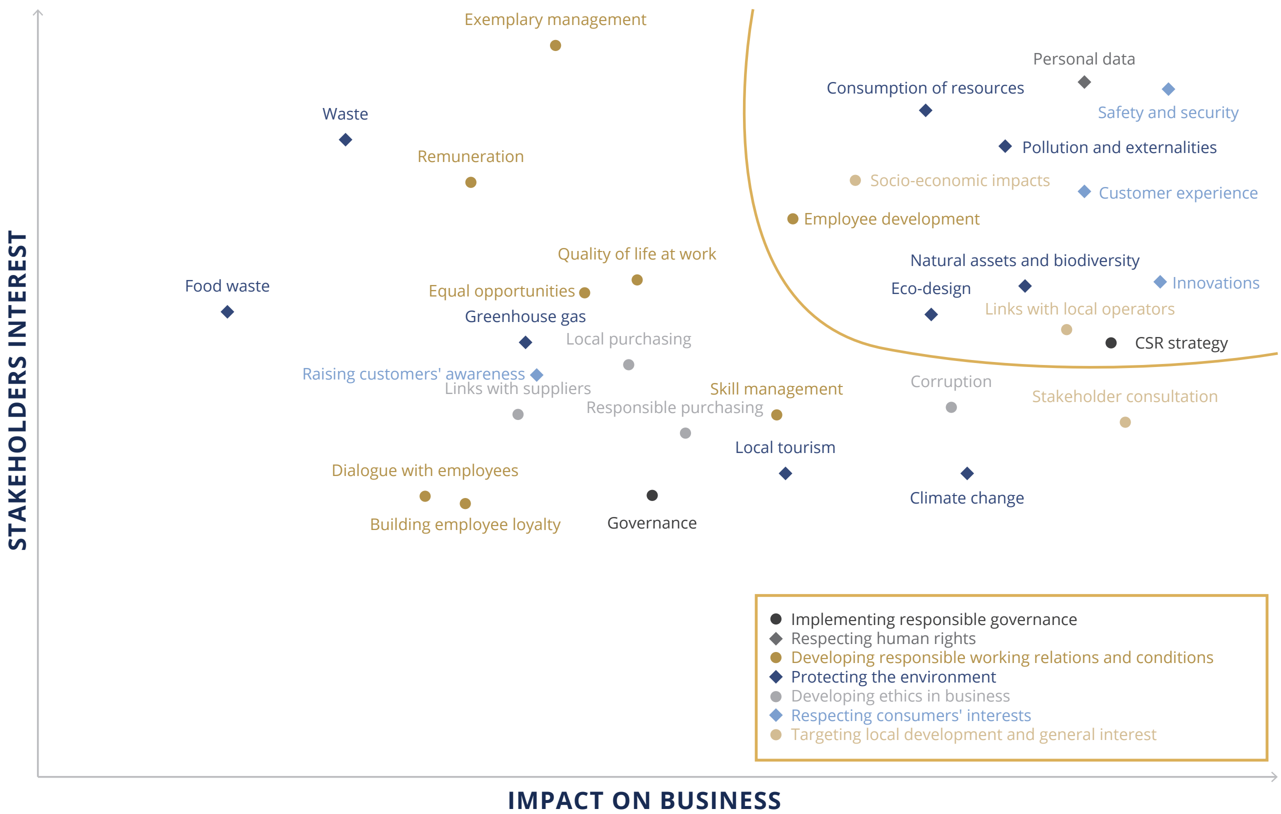
- establishing links with local operators and contributing to the wealth of the communities in which we operate (through the impact of our business on the socio-economic fabric of the local community).

For the corporate strategy:

- innovating to enable our Group to respond to changes in our Company and in the tourism and property development industries (eco-design process) and to anticipate our customers' demands;
- Fostering employees' development and incorporating the CSR approach into the Company's global strategy to make them real drivers of value creation for the Group.

This outcome, which is consistent with the issues identified for the service and tourism industries, also reflects the specific nature of our sites, most of which are in a natural setting.

It also supports our initiatives to incorporate sustainable development into the daily life of our teams and to make it a driver of innovation, delivering an enhanced experience for our customers.



Means of communication and dialogue with our stakeholders:

Customers (Nearly 8 million guests)	Contacts during stays, post-stay satisfaction questionnaire, social networks and review sites, monitoring litigation, etc.
Employees (Over 12,200 employees)	Meetings and events on site, Intranet, satisfaction survey, collective agreements, etc.
Shareholders	General Assembly, roadshow, one to one and exchanges, ISR questionnaire, etc.
Owners and Institutional Investors	Website, property management meetings, monitoring litigation
Suppliers	Questionnaires, tenders, etc.
Public authorities and communities	Dialogue, consultation, collaboration, steering committees, Committees, etc.
Civil society (residents, associations...)	Working groups / workshops, public meetings, Advisory committees, website, partnerships, etc.

The Pierre & Vacances-Center Parcs Group is committed to contributing to UN's sustainable development goals (SDGs) relevant to its business and its CSR issues:

SDG 2: End hunger, achieve food security and improved nutrition, and promote sustainable agriculture

2.4 Together with its catering partners, the Group launched an initiative to promote the use of local produce from sustainable agriculture across all food services at its Villages Nature® Paris and Center Parcs sites.

SDG 5: Achieve gender equality and empower all women and girls

5.1 and 5.5 The Group fights against any form of discrimination and, in particular, promotes gender equality amongst its employees (training, recruitment, collective agreements, etc.).

SDG 6: Ensure access to water and sanitation for all and ensure sustainable management of water

6.3 The Group ensures the adequate provision and capacity of sanitation facilities and, if necessary, helps to renovate or construct such facilities for each new project. During the operational phase, the Group seeks to significantly reduce the use of chemicals and hazardous materials in waste water and ensures that all its waste water is treated.

6.4 The Group implements measures to optimise water consumption (water-saving devices, optimised management of swimming pool water, etc.) and only uses drinking water where strictly necessary (minimisation of watering requirements, rain water recovery, etc.).

6.6 When selecting sites, the Group ensures that the impact on wetlands is minimised and, if necessary, implements compensatory measures. It ensures that the hydro-geological balance of the sites is maintained and applies ecological stormwater management (drainage swales, infiltration trenches as close as possible to buildings, etc.) on all new projects.

SDG 7: Ensure access to affordable, reliable, sustainable and modern energy for all

7.2 The Group favours the local production of renewable energies in new projects and has increased the percentage of green energy in its contracts.

7.3 The Group aims to achieve a high energy performance in new projects and is continually improving existing equipment.

SDG 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

8.4 When new projects are being developed, the Group not only ensures that they contribute to the economic growth of local communities, but also takes care to manage their long-term ecological footprint.

8.5 The Group is keen to recruit locally and to employ workers with disabilities, ensures gender equality, promotes purchasing from the protected sector and seeks to employ the long-term unemployed when recruiting for new projects.

Solidarity and professional and social inclusion have been defined as one of the priority objectives of the Company's Foundation.

8.8 The Group is committed to providing a safe working environment and ensures the health and well-being of its **workers.**

8.9 As a tourism operator, sustainable tourism is a crucial issue for the Group and is achieved, in particular, through its local recruitment and purchasing policy which aims to maximise the economic benefits for the local community, through the particular care taken in blending sites into their surroundings and adding value to the local area (tourist attractions, products, know-how) and by initiating partnerships with local operators (see also SDG 12).

SDG 11: Make cities and human settlements inclusive, safe, resilient and sustainable

11.3 The Group facilitates consultation processes with the general public for all its major projects, collaborating with local operators with the aim of achieving the greatest level of acceptance possible in the local area.

The preservation and promotion of local heritage and cultures has been defined as one of the priority objectives of the Company's Foundation.

SDG 12: Ensure sustainable consumption and production patterns

12.2 The Group promotes and is committed to eco-certification, by third party bodies, of the development and construction not just of its new projects (e.g.: HQE, HQE-Aménagement - High Quality Environment certification in building and landscaping -, DGNB) but of all its residences and domains during the operational phase (e.g.: Green Key, ISO 14001). The Group also encourages the purchase of eco-label products.

12.3 The Group urges, and works with, its partners to implement measures to fight against food waste.

12.4 The Group monitors and ensures optimised hazardous waste management and efficient use of chemicals.

12.5 The Group monitors the volume of the waste that it produces, takes measures to optimise waste sorting (in particular, by raising awareness amongst its customers and employees) and works with its service providers to optimise waste recycling.

12.8 The Group is developing new tourism experiences based, in particular, on the discovery of nature, sustainable development and local assets.

12.b The Group has introduced an internal management tool (BEST) based on external certifications and labels (development projects, buildings and at the operational phase).

SDG 13: Take urgent action to combat climate change and its impacts

13.2 The Group monitors its energy consumption-related CO2 emissions, and takes measures to reduce these emissions, notably, by using renewable energies on its new projects and by specifying the use of "green" energy in its contracts.

SDG 15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, halt and reverse land degradation, and halt biodiversity loss

15.1; 15.3 For new projects, the Group favours the selection of sites that have a low level of sensitivity in terms of biodiversity, conducts impact studies on the sites selected and applies "avoid/reduce/compensate" methodology. If necessary, the Group implements compensatory measures to offset any residual impacts. In addition, the Group manages green spaces in an environmentally-friendly way and takes part in national biodiversity strategies applied locally.

15.2 The Group ensures that compensatory measures are implemented correctly for woodland areas impacted by its projects, favours the purchase of sustainably managed wood (FSC, PEFC) and ensures that an ecological and forest management plan is put in place for the forests in which the sites are located.

15.8 The Group bans the use of all invasive exotic plans for the internal or external landscaping of its new projects.

Promoting nature preservation and sustainable development, including by means of programmes to raise awareness, has been defined as one of the priority objectives of the Company's Foundation.

3.2 Implementing a responsible employer policy

3.2.1 Human Resources at the heart of the Group's performance

12,212 people work for the Pierre & Vacances-Center Parcs Group, across a holiday residence portfolio of 200[8] sites located in Europe. Our employees play a central role in the quality of the services delivered to our customers. We are convinced that happy employees play a key role in customer satisfaction and, therefore, have rolled out an HR policy aimed at improving our teams' performance and day-to-day commitment.

3.2.1.1 The employment model

The tourism business now accounts for over 90%[9] of Group jobs. Its employment model is, therefore, linked to characteristics specific to the tourism industry: ongoing and increasing digitalisation, customers demanding increasingly sophisticated services, seasonality, wide variety of jobs. The model evolves in line with the Group's transformations, such as the introduction of what are referred to as "flexible" arrivals at Center Parcs, the renovation of all Center Parcs sites, and the upscaling, or even internationalisation, of the Pierre & Vacances brand, which require employees' support. These transformations lead to profound changes for the teams.

This employment model directs our human resources policy which is at the heart of the Group's strategy.

In this context, four core issues have defined the strategy of the human resources policy over the last four years:

- supporting the transformation of the Pierre & Vacances-Center Parcs Group;
- contributing to the individual and collective performance of our employees;
- developing & challenging our managers;
- being strong, reliable and professional in our fields of expertise.

To underpin this strategy, the Group took the decision to install an HRIS which will be rolled out gradually in 2017/2018 across all modules (Training, Recruitment, Evaluation, Remuneration, Talent). This information system will make it possible to provide closer, day-to-day, digitalised management of our human capital and so foster development.

3.2.1.2 Group Values

A draft definition of the Group Values was launched in September 2015 following a consultation of all our employees and structuring work conducted by thirty or so representatives of the Group Leaders who are members of the B-Community (see below). In the end, two values were defined in June 2016 and approved by the Group's Chairman and Chief Executive Officer:

1. "We are all socially responsible entrepreneurs"

   The Group's entire history is based on the value of entrepreneurship. To be effective over time and make it possible to maintain its leadership, the Group must sign up to a long-term and global vision of performance that incorporates its social, societal and environmental responsibility.

2. "We enable togetherness"

   Echoing the values of the Pierre & Vacances-Center Parcs brands, "enabling togetherness" reflects our aim of creating links and occasions for sharing, for teamwork and for taking action at the local level with a commitment to service and listening.

These values, illustrated by specific actions, are an integral part of the day-to-day operations of our teams and are the absolute bedrock of our projects.

They were the basis of the events held to celebrate the Group's fiftieth anniversary in 2017, marked by two major projects this year:

- over 15 events held in Europe (roadshows, evening events and seminars) gave each of the 12,212 employees the opportunity to celebrate our 50-year anniversary and to be thanked for their commitment, reinforcing the concept of "living together";
- the intraprenariat 5.0 project was launched in February 2017 with the aim of generating innovative ideas and inventing the Group's future together (see page 79).

VICTOIRES DES LEADERS DU CAPITAL HUMAIN

The Pierre & Vacances-Center Parcs Group won the 2017 "Victoire d'Or des Leaders du Capital Humain" (human capital leaders' awards) in the "HRD of the year – International Group" category. This award highlights the performance of the human resources department and its vital contribution in supporting the Group's strategic and digital transformation.

(8) All employees paid by the Group are included, irrespective of the business (property development or tourism) or the brand (Center Parcs, Sunparks, Pierre & Vacances, Maeva, Les Senioriales and Villages Nature® Paris) for which they work; and all five countries where the Group operates are covered.

(9) At 30/09/2017.

3.2.1.3 Our corporate mapping

The Group's profile

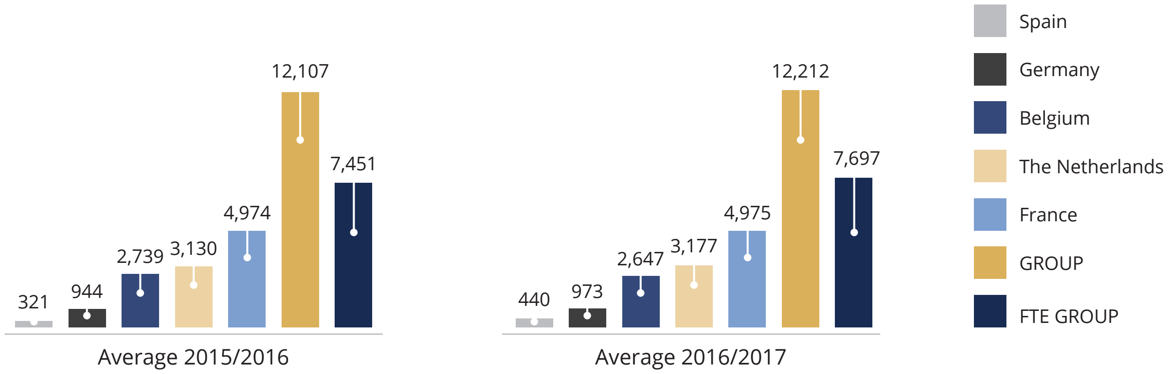
The Group's business lines are:

- tourism operations business lines: welcome, reception, technical, security, housekeeping, swimming pools, site management, operational control;
- business functions, analytics and customer relations;
- support functions: marketing, finance, general services, security, sustainable development, IT, purchasing, legal, human resources, communication;
- property development business lines: property development and promotion, property marketing and management, owner relations.

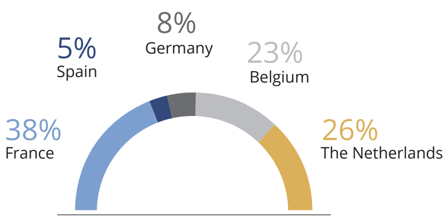
Key employment figures within the Group

The number of Group employees – see scope of labour reporting in page 65 – rose slightly in terms of employees (+0.9%) and in full-time equivalent terms (+3.3%) over the financial year. These changes relate to the introduction of what are known as "flexible" arrivals at Center Parcs (customers can now arrive on any day of the week and stay for however many days they choose) which resulted in additional staff being recruited on part-time contracts). It also relates, to a lesser extent, to the opening of sites in Spain.

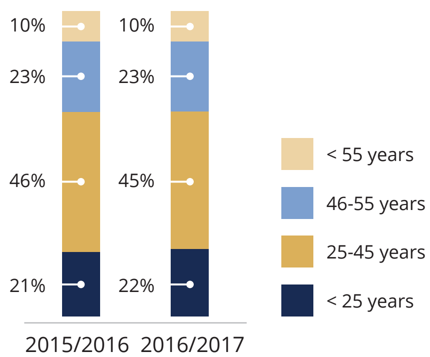
Average annual headcount by country and average annual Group headcount and full time equivalent



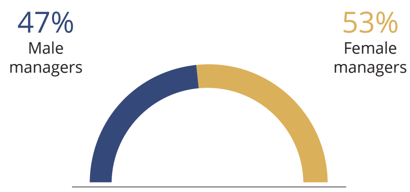
Breakdown of employees by country



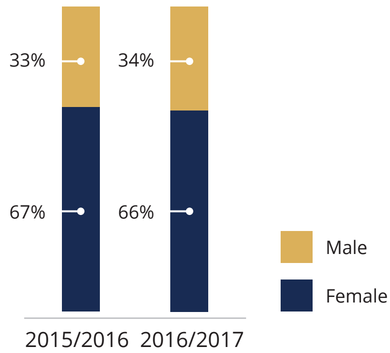
Breakdown of employees by age range



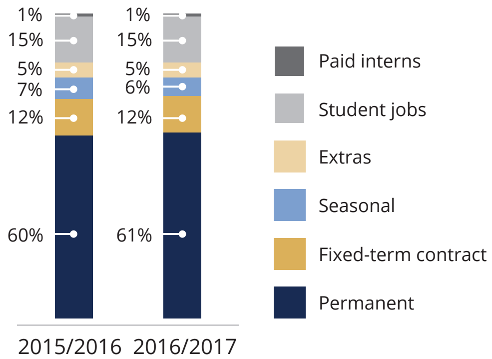
Proportion of women in management at 30 september



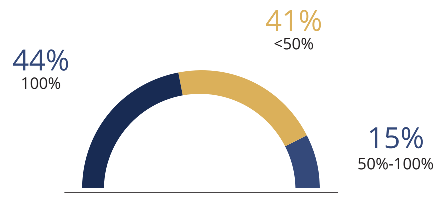
Breakdown of employees by gender



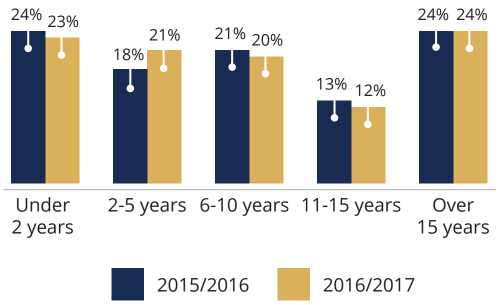
Breakdown of employees by contract type



Breakdown of contracts by rate of activity



Breakdown of employees present at 30 september by years of service

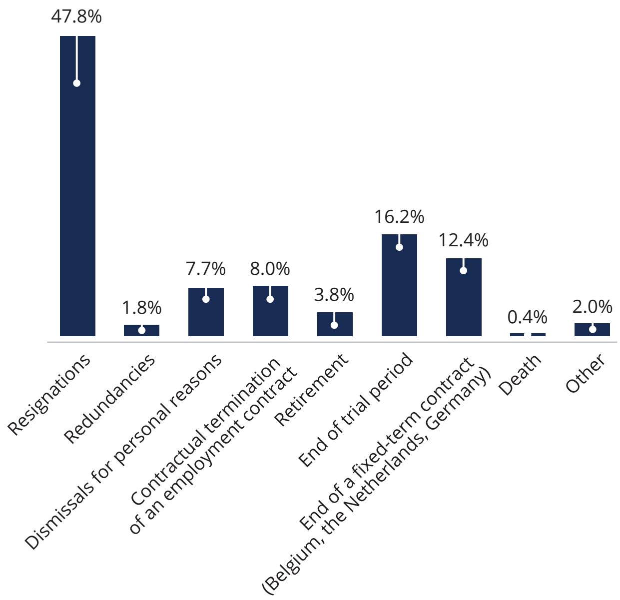


Turnover rate

The turnover rate, 16.5% this year, was up slightly on last year (15%), primarily due to the tightness of some areas of the labour market (cleaning and aquatic staff). With regard to the latter, structural action plans were established in order to retain the teams.

	2015/2016	2016/2017
Number of new staff	1,538	1,665
Number of departures	1,368	1,622
TURNOVER RATE	**14.9%**	**16.5%**

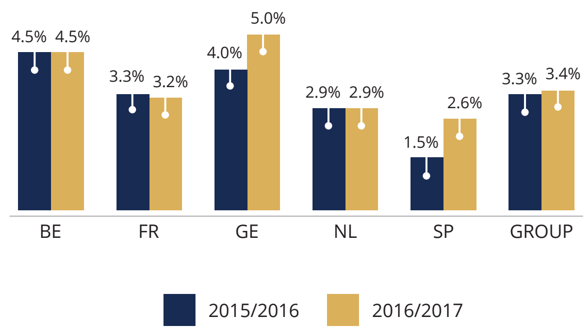
Breakdown of departures by reason in 2016-2017



Absenteeism rate

Absenteeism stood at 3.4% this year, practically unchanged from last year (3.3%).

Absenteeism rate



3.2.2 A "managerial growth path" to support team performance

Being convinced of the importance of the role of leaders and managers within the organisation in terms of Group performance, a global "Managerial pathway of growth" was designed and rolled out. Its objective: to support managers in their role as leaders, coaches and agents of change. Initially designed specifically for Leaders, this comprehensive tool was developed and improved over the course of the last two years before being extended across other managerial levels.

3.2.2.1 Common managerial values specific to the Group

A common framework of managerial values focusing on customer satisfaction and teamwork was designed: B-CORE (Best in class/Client centric/Ownership/Role model/Entrepreneur).

Implementing these values has made it possible for all Group managers to share a common standard that extends beyond business lines, countries and brand names and to improve their day-to-day understanding of what the Group expects from them in terms of their roles and responsibilities.

3.2.2.2 Strengthening the community of "Leaders"

The community of "Leaders" – B-Community – is part of a collaborative and interactive initiative designed to create links and facilitate dialogue among Group "Leaders", improve their skills and develop a common managerial culture. It also enables the Group to effectively relay its vision and strategy to its teams.

In addition to the B-CORE training programme (see below), this community of "Leaders" takes the form of multiple, highly practical, actions: an annual seminar ("1Team1Time"), a dedicated social network ("Yammer"), Group-wide working groups, etc.

3.2.2.3 An ambitious leadership and management training programme

In 2016, the training programme rolled out for Group "Leaders" was extended to "Managers of managers" with dedicated modules tailored to specific business lines (Pierre & Vacances, Center Parcs and Head offices), then, in 2017, it was extended to "Regional managers" (Heads of service/Floor Managers).

Today, more than 400 managers have followed this Pierre & Vacances-Center Parcs Group-specific training programme. The consistency of the messages and practices disseminated across the Group has helped to make managers more professional, which is recognised by their own employees as shown by the results of the 2017 Happy@Work satisfaction and commitment survey – see opposite.

3.2.3 B-Talent: a global skills development strategy

3.2.3.1 A recruitment policy designed to capitalise on the Group's expertise and attract new talent

Our recruitment policy is above all designed to capitalise on in-house know-how and skills. Thus, 2,165 Group employees (not including Spain) benefited from internal transfers in 2016/2017, to meet their professional development aims in line with Group requirements.

Our digital strategy was also enhanced with the aim of attracting the best external candidates. Partnerships with recruitment and social network platforms were signed to cover all the countries in which the Group operates and to reach target audiences or categories. Drafted in 2017, this strategy will be rolled out Group-wide in 2017/2018.

At the same time, in 2017, in-depth work was conducted on our employer brand (Employee Value Proposition EVP) with the aim of raising the Group's profile beyond its commercial brands. This project consisted of constructing, on the basis of the values defined by the Group, consistent and unique employer brand content for all entities.

Arising out of collaboration, this new employer identity will focus on the slogan "Access a world of opportunities", and will be rolled out in 2017/2018.

Another of the Group's specific features, directly relating to the tourism business, is its use of seasonal workers, particularly for Pierre & Vacances brand sites.

Bringing both skills and flexibility, these workers contribute to the quality of the services offered to our customers and to the smooth operation of our residences and villages. So as to attract the best candidates, this year we rolled out a targeted campaign entitled "What are you doing for the next few months? Pierre & Vacances is recruiting 700 smile creators" which enabled the Group to target candidates more accurately and in greater numbers. In addition, as well as training (see section 3.2.3.3), we offer good conditions and all the benefits on the seasonal contracts: living accommodation for those not living nearby, comprehensive, employment-based social protection (health and welfare), staff holidays at preferential rates, option to take advantage of our regional network with low season transfer offers.

Lastly, partnerships entered into in the context of our policy of building relationships with educational institutions (leading business schools or those specialising in property development and tourism) continued this year. In 2016/2017, 42% of graduate interns and apprentices were hired on fixed-term or permanent contracts after their training and apprenticeship period.

3.2.3.2 A transparent and fair remuneration policy

Remuneration and employee benefits are a source of leverage for improving performance and recognition. Continuing the consistency and optimisation effort begun in previous financial years, remuneration processes have gradually been improved and harmonised across the Group and remuneration is measured against the labour market within the different countries/regions where the Group operates. Changes in remuneration are directly linked to employee performance in addition to collective pay rises for the lowest-paid workers. The Group's Remuneration and Employee Benefits Department is a key part of these policies, enabling us to offer remuneration levels in line with the market, performance and our employees' potential. In addition, the variable portion of remuneration is set on an annual basis in line with company's challenges and strategy.

Employee expenses stood at €342,013,000[10] for 2016/2017.

(10) Employee expenses are consolidated in the Group's financial statements (details provided in page xx of the financial report).

3.2.3.3 Training – key to meeting business challenges

The quality of the service offered to our customers is one of the Group's main priorities. Within this context, for more than three years now, our training strategy has been directly linked to the everyday realities and operational challenges faced by each entity and to changes in our various business lines (digitalisation of the customer process, etc.).

All our training pathways have been improved, both in terms of the "Pierre & Vacances service approach" and the "Center Parcs standards of Excellence" with the aim of meeting customer expectations.

Across both brands (Pierre & Vacances and Center Parcs) the teams' commercial and operational skills were also enhanced by the introduction of training tailored to on-site commercial challenges. Content is reviewed on a regular basis thereby making it possible to develop on-site sales of our products, activities and services and respond to customers' requirements during their stay.

Made-to-measure training courses were rolled out and incorporated into our existing pathways to support the "premium" and "VIP" upscaling of some of our Pierre & Vacances and Center Parcs sites.

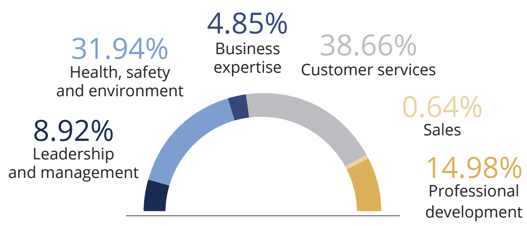
For Pierre & Vacances, the "Work@PV" training pathway was enhanced. It enables operational teams to support seasonal workers during the different stages of their working lives within our company: recruitment, integration, training and commitment-building. It also means that our seasonal workers can be trained and made aware of our PV service approach. These occupational training courses are also a means of attracting new candidates and retaining our repeat seasonal workers.

In addition, we are digitalising our training programmes: this year, the "App@Work" platform again raised Center Parcs employees' awareness of our "standards of Excellence" (particularly through challenges), and enabled us to make customer expectations a core team issue. A new "e-learning" platform offering more than 360 practical and fun training courses on different Group products and services was also set up for Call Center teams in France.

With regard to support functions and property development services, technical training courses were held in order to adapt to the changes in business lines and tools. Project management training courses were also rolled out to meet the growing need for Group-wide (across business lines and brands) project management. Attention was also paid this year to training for our sales and property development teams (particularly in accordance with the ALUR law).

Lastly, the Group, being mindful of the safety, security and health of its employees and customers, continued its dedicated training programmes.

Training hours distribution



	2015/2016	2016/2017
Total number of training hours	88,906	74,658
Average number of training hours per employee	13.13	12.37
Proportion of employees trained	0.56	0.49
Proportion of women among trained employees	0.65	0.63
Training budget	3,341,250	2,745,590

3.2.3.4 Performance appraisal – key to meeting business challenges

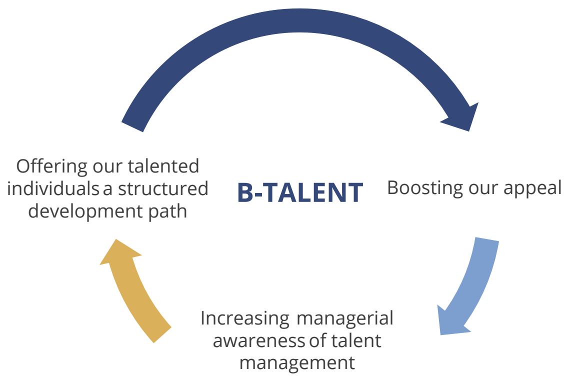
Performance evaluation is a key process of the managerial function. This process, which is now fully digitalised and common to the entire Group, goes on throughout the year. It is formalised, in particular, during annual appraisals which were given to 86% of our employees in 2016/2017.

An evaluation of employees' potential, strengths and weaknesses, and career development, this appraisal is also an opportunity to look more closely at employees' individual needs and to put in place tailor-made training plans.

3.2.3.5 A talent management which is part of the Group's innovation and transformation initiative

The structure of the Group-wide "Talents" initiative has been strengthened over the last three years. Launched in 2014, this initiative initially made it possible to apply common criteria to obtain a fairer definition of "Talented individuals" or "Key specialists", thus arriving at a consistent and structured means of identifying such individuals for the first time.

This initiative was continued and personalised and proactive management was put in place as a result of closer involvement from key managers as well as regular meetings with the Human Resources Department. For the last three years, 54.8% of our Talented individuals have taken advantage of internal transfers.



In 2017, on the occasion of the Group's 50th anniversary, a project designed to promote innovation and prepare for the future was launched within the Group: the 5.0 project. This project focused on two priorities:

- How can we give our customers an unforgettable experience?
- How can we use our resources intelligently to improve?

A group of fifty or so ambassadors was chosen from amongst the Group's young, talented individuals. Their role is to encourage the generation of ideas and give structure to this entrepreneurial innovation and transformation initiative. In order to do so, all Group employees were invited to post ideas on a dedicated digital platform. The Group also set up a specific programme for these 50 ambassadors, the 5.0 Academy Programme based on collective intelligence and collaborative working processes. This programme will end with projects being presented to the General Management Committee in December 2017 and with the operational roll out of the projects selected in 2018.

3.2.4 Listening, communicating, open dialogue

3.2.4.1 Measuring and improving employee well-being and commitment

We are convinced that happy employees play a key role in customer satisfaction. That is why we make their well-being and commitment a key part of our policy. In this respect, the Human Resources department and the managers are working to improve employee well-being to boost daily commitment and ensure that our staff provide a high quality service.

A Group-wide survey designed to measure the satisfaction and commitment of all our employees was conducted in 2017 for the second time. Fully digitalised, this "Happy@Work" survey recorded a participation rate of 72% (+6 points compared with the survey conducted two years before). It confirmed employees' very positive feedback about the Group, notably our Group's customer focus (80% of our employees offered a favourable opinion), general satisfaction with working conditions (nearly 75%), management quality and effectiveness (73% – up 7 points on the last survey). Employees rated the support that they had been offered, notably with regard to training, within the context of the Group's gradual transformation (+11 points). Up consistently across all items, these results are a reward for all the hard work undertaken over the last few years on a Group-wide scale. The Group makes "human capital" the focus of its strategy, operational performance and transformation.

In line with these results, targeted action plans were compiled and will be rolled out by managers in 2017/2018 and 2018/2019.

3.2.4.2 Internal communication, a shared fundamental adapted to each country and each brand

The fact that our sites are spread across five countries means that internal communication has a major role to play. Internal communication is essential to circulating the Group strategy within each entity, brand, establishment, or country, to involve employees and create a link between the teams. It is also key to circulating the Group's processes and standards consistently and giving managers the tools they need to support their teams.

The Group has an intranet, where sections are added for each brand, as well as the App@Work app for Center Parcs. These tools continued to be developed this year so as to provide consistent, accessible information in all the Group's languages, communicating the Group's priority areas, sharing news from each brand and country, and making employees aware of the main components of the HR policy. Internal mobility, remuneration, and evaluation information, as well as updates on the Happy@Work action plan are accessible to all and can be relayed by the managers to their teams.

2016/2017 was also the opportunity to celebrate the Group's 50th anniversary. For this reason, a programme of celebrations was rolled out. It was based on four major challenges: to educate employees on the Group's history, to put flesh on the bones of the Group's newly defined values, to thank employees for their commitment, and to include them in our vision of the Group's future.

3.2.4.3 Developing CSR culture internally

Raising employees' awareness on sustainable development issues is key to ensuring their day-to-day involvement. It is also an essential requirement for the environmental labels and certifications to which our brands have committed. Initiatives are therefore being rolled out to develop and reinforce the CSR culture in the teams.

At Center Parcs, all staff are aware of and receive training in the environmental procedures to be implemented on their site (e.g. via regular hygiene/safety/environment questionnaires). At Pierre & Vacances, all staff working on Green Key sites are made aware, via the BEST tool, of environmental issues and best practice which should be adopted at their site. This year, the BEST tool made it possible to share training media more smoothly.

It should be noted that the effort put into rolling out an internal CSR culture (special events, training, involvement of COMEX, etc.) over the last few years and the employees' length of service (over a third of employees have worked for the Group for 11 years or more) have helped raise teams' awareness of CSR issues. This maturity has enabled us to formalise sustainable development commitments specific to each brand and supporting business line. It will be a vital way of meeting the targets set.

3.2.4.4 Employee relations and collective agreements

The Group respects freedom of association and the right to collective negotiation in the countries where it operates. Around 586 meetings were held with staff representatives across the Group during the 2016/2017 financial year. The Group is keen for constructive social dialogue to flourish, this being a mark of quality employee relations. Staff representatives are regularly informed, consulted and involved in the main decisions taken.

The Group works with staff representatives in every European country where it is present and adheres to labour legislation applicable in each country. A European Works Council (EWC), with representatives of each country meets at least twice a year.

Finally, the Group complies with the labour standards of the International Labour Organization (ILO). The Group has more than 99% of its operations in the European Union, where employment regulations are well-developed via democratic parliamentary systems.

List of collective agreements in force

Agreements	Scope	Year of signature	Duration of validity
GPIEC – Action plan on strategic workforce management[1]	UES Supports and S.I.T.I.[2]	2014	3 years
Teleworking	UES Supports and PVCI	2008	Unspecified
Gender equality	France excluding S.I.T.I. and Les Senioriales	2013	Unspecified
Disability	France	2015	3 years
Employee profit-sharing	France	2012	Unspecified
Organisation of working time	France	2015	Unspecified
Health Insurance Agreements	PVCI -UES SUPPORT-UES TOURISME	2016	Unspecified
Agreement report for the yearly obligatory negotiation	PVCI -UES SUPPORT-UES TOURISME	2017	Annual
Guadeloupe profit-sharing	SET Pierre & Vacances Guadeloupe	2016	3 years
Method agreement on psychosocial risks	UES Tourisme	2010	Unspecified
Electronic vote	UES Tourisme and PVCI	2015	Unspecified
Collective Labour Agreement concerning the tourism sector	The Netherlands	2017	Two years
Collective agreement on the organisation and structure of labour partners (trade unions and staff representatives)	Belgium	2015	4 years
Agreement on HR-Rodibus controlling	The Netherlands	2017	1 year
Mercer CZ Assurance Santé	The Netherlands	2017	1 year renewable each year
Mutuelle Aegon WIA(3)	The Netherlands	2009	1 year renewable each year
Pension scheme	The Netherlands	2015	3 years
Digital lunch vouchers	Belgium	2013	Unspecified
Temporary unemployment	Belgium	2012	Unspecified
Additional pension scheme	The Netherlands	2015	5 years
Versatility and travel expenses	Belgium	2014	Unspecified
Harmonisation of CPSPs	Belgium	2011	Unspecified
Wage standards/Group insurance	Belgium	2016	Unspecified

(1) GPIEC: Gestion Prévisionnelle Intergénérationnelle des Emplois et des Compétences.
(2) S.I.T.I.: Société d'Investissement Touristique et Immobilier.
(3) WIA: Law on labour and social revenues depending on working ability.

3.2.5 Well-being and equal opportunities at work

The well-being and equality of our employees is an asset. It represents the diversity of the customers we welcome to our sites.

3.2.5.1 Well-being at work

Ensuring a safe working environment

The safety of our employees and of our customers are closely linked. This is a major priority area for the Group and is led by the Operational Risk and Human Resources departments.

For Pierre & Vacances France

The scope of the Operational Risk Manager – Prevention and Security France was extended to cover Spain this year. Regional correspondents represent this manager on the ground and ensure the smooth roll-out of centrally defined procedures. Each Pierre & Vacances and Maeva site has a regional security officer as an exclusive contact, for all risk areas identified: legionella, private and public pools, health and safety at work, fire safety, general safety, leisure activities and crisis management. For French scope, the tool can be used to perform a risk analysis and produce a "Unique Document" (risk report) for each site.

This year, our swimming pool safety and prevention policy was enhanced by the specific requirements of our foreign Tour Operators partners (pictorial posters, additional equipment, etc.). Audits were organised for all residences in France and one third of all sites in Spain and related training sessions were put in place. Like each year, training sessions on risk prevention and safety were delivered to all regional directors, area directors, site directors, and technical managers.

Furthermore, in accordance with legislation, a Scheduled Accessibility Agenda was implemented for all Pierre & Vacances residences in France last year. A budget of €6 million has been set aside and a plan for the roll-out of the works devised up to 2021. Over 2/3 of scheduled actions were performed this year in the establishments in question (access ramps, specially adapted reception areas, disabled lifts, etc.)

The number of accidents at work increased by 5% this year, amounting to an additional dozen or so accidents. At the same time, the severity rate of accidents fell by 21%, mainly due to the fact that accidents were less serious.

For Center Parcs Europe

Risk management is organised by country. A Risk Manager is the national contact for the operational teams in each country and monitors legal and regulatory requirements and changes at local and national level. The process for managing operational risks is based on ISO standard 14001 and on an HSE (Health, Safety, Environment) management system. It focuses not only on environmental risks, but also on eight other risk areas, linked to the specific features of each brand: fire safety, drinking water hygiene, food hygiene, safety of high-risk activities for customers, prevention in terms of pool hygiene and safety, employee health and safety, general safety and legionella prevention. All sites were again ISO14001-certified this year, attesting to the quality of the management system in place.

In addition, an innovative partnership was established with the French national gendarmerie, as part of the government's "Tourism and Safety" programme, with the aim of cooperating on a local level, particularly with preventative measures and providing additional safety guarantees to customers and employees.

Safety at work

	2015/2016	2016/2017
Frequency rate of workplace accidents	26.9	27.9
Severity rate of accidents	0.68	0.53

3.2.5.2 Equal opportunities at work

The subject of equal opportunities for employees is important for the Group: measures were put in place to ensure gender equality, the inclusion of people with disabilities and the fight against all forms of discrimination.

Gender equality

Women make up 66% of employees and 53% of managers are women. This figure has remained stabled of the last few years. Women account for 63% of all employees trained, which reflects the proportion of women within the Group staff as a whole.

To formalise its commitment to gender equality, the Group signed an agreement in France. This agreement will be renewed early next year as part of the negotiations on well-being and equal opportunities at work. In addition, every year in France, during the Statutory Annual Wage Negotiations, salary indicators are shared with labour partners; no gender pay gap was reported during the last negotiation.

Inclusion of people with disabilities

Since 2005, the Group has conducted specific initiatives to promote the employment of workers with disabilities and keep them in work. A Disability Agreement for France was renewed in 2015 for three years. It will be renegotiated between now and the end of 2017 for the 2018-2020 period.

This means that the Group's disability taskforce implements a proactive policy based on specific information and awareness-raising initiatives which respond to the problems of the various entities.

The number of disabled workers within Pierre & Vacances France stood at 170, or 3.4% of the workforce in France, the same as the previous year (170 and 3.4%).

This year, these initiatives notably focused on raising awareness among support teams, and more specifically the Purchasing Department teams, about the specifics of purchasing from the protected sector. Awareness-raising events were held to change employees' attitudes to disability (business theatre, Philippe Croizon conference, fun workshops etc.).

Moreover, the network of disability representatives (HR managers; Hygiene, Safety and Working Conditions Committee; and members of the Disability Commission), which was set up last year to better implement the policy on the sites, continued its work, and a third level of disability representative was identified from amongst managers.

Generally speaking, this general anti-discrimination initiative has gone above and beyond the requirements of French legislation. Center Parcs implements measures to include people with disabilities across all its sites (including those in foreign countries). In the Netherlands, for example, three Center Parcs were awarded "PSO Quality Mark" certification, recognising them as socially responsible employers facilitating remote working for disabled employees.

3

Employment of workers with disabilities

	2015/2016 [(1)]	2016/2017 [(1)]
Proportion of employees recognised as workers with disabilities	3.4%	3.4%
Number of workers with disabilities during the year	170	170
Number of employees recognised as workers with disabilities recruited during the year	29	29
Number of adaptations of the working environment for employees with disabilities	3	1

(1) *France perimeter*

Fight against discrimination

The Group applies an anti-discrimination policy under internal agreements or regulations. In France, for example, the Internal Regulations have, since 2015/2016, contained a reminder of general anti-discrimination obligations. In addition, managers are educated, trained and supported during the training on the annual reviews and throughout the year or when individual issues arise.

In the Netherlands, a policy of fighting against "undesirable behaviour" (discrimination and intimidation) has been in place for a number of years now. Individuals have been specifically trained to this end on how to help employees deal with these types of problems. To date, no complaints have been made on the basis of these issues.

Furthermore, negotiations with our union representatives were begun in France at the end of this year in relation to well-being and equality at work, including issues relating to the right to disconnect, quality of life at work and gender equality.

3.3 Reducing our environmental impact and enhancing the natural capital of our sites

3.3.1 Sustainable use of water and energy resources

To manage water and energy use on Pierre & Vacances sites, the Group consolidates use for which it is directly responsible (i.e. use for which joint owners are responsible under management contract with the Group). Therefore, volumes of use (see table opposite) include the share owned by the Group for each site. Data for Pierre & Vacances is supplied by ICARE – the internal energy use management tool. The concept of shared use does not apply to Center Parcs. Data are consolidated by the energy expert on the basis of the tracking files kept by each site. Icare will be rolled out across this brand next year.

For Pierre & Vacances sites in Europe

At the head office, a dedicated Strategic Support team monitors water and energy consumption at the sites, performs budget reconciliation and analyses differences. It also supports regional maintenance managers in producing assessments and alerts them in the event of abnormal, unexplained changes. On site, technical managers are responsible for reading meters, and monitoring energy usage, with their regional officer. Since 2015/2016, usage data has been analysed on the basis of unified degree days (DJU).

Across residences in France and Spain, overall energy use was down 2.8% on the previous year. This was due to the loss of apartment inventories in France and the drop in the number of overnight stay sold. Volume by overnight stay, however, remained stable.

With regard to water use, total use was practically unchanged from the previous year (+0.4%) for France and Spain. On the other hand, due to some leaks identified and dealt with at sites in France (Le Rouret, Hyeres, etc.) and in Spain (Salou, Bonmont) use by overnight stay sold was up by 1.7%.

So as to continue with work to monitor and optimise energy and water use, a number of major initiatives have been conducted this year: finalisation of the roll out of training on ICARE and FMS, introduction of smart meters that can be read remotely for some mountain and French West Indies sites. A pilot project was also conducted at the Val Thorens residence to reduce energy use via a relamping programme and the introduction of new intelligent heating equipment.

For Center Parcs and Sunparks sites

The Naturall Plan sets specific water and energy use targets: cut energy and water use by 25% by 2022 (based on usage per overnight stay – base year 2010) standardised to unified degree days.

These targets, which are staggered over the coming years, are in the environmental programme of each site and incorporated in the ISO 14001 certification and the new ISO 50001 certification.

Usage is monitored weekly and monthly by the energy coordinator for each site. Monthly data is checked by an in-house expert who monitors usage across all sites, performs analyses, consolidates data and monitors targets across all sites in Europe. Depending on the performances observed, the expert will suggest action plans and investment plans to continuously improve site performance.

In 2016/2017, there was a 1% increase in the total volume of electricity used and a 6% rise in the total volume of gas used. The total energy consumption rate per overnight stay rose by 6%, the total volume having risen by 5%.

The rise in usage was due to cold weather requiring more heating in cottages and central facilities. Higher occupation rates across a large number of sites, in the order of 3% across the entire portfolio, also resulted in higher usage.

Major investments have been made this year to improve the energy efficiency of the facilities. A new aeration system has been fitted on the Kempervenen site. Furthermore, a new, more energy efficient, outdoor lighting system was tested and then rolled out at the Meerdal site in the Netherlands and the changeover to LED at some German sites (external lighting and half the cottages – overall average across these sites) saved energy. Lastly, the ISO 50001 certification obtained by all sites in Europe meant that Center Parcs was part of a managed and certified approach to reducing its energy consumption.

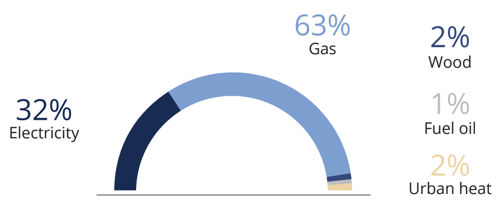
Lastly, a number of co-generation projects are either being studied or are in the process of being rolled out in Belgium and in Germany. The Vossemeren and Bispingen sites will be equipped in 2017/2018. After that, a third unit will be installed in Bostalsee, one in Erperheide and another at the future site in Allgaü.

Water use per overnight stay was also slightly up on last year (+2%). The total volume was very slightly higher this year. This was due not only to the high occupancy levels at the sites, but also to leaks from water systems which have since been located and addressed. Plans to replace shower heads and taps with water-saving equipment are due to be launched across the Center Parcs in France in 2017/2018 and will reduce usage.

	CP Europe	PV Europe	Group	CP Europe	PV Europe	Group
Total volume of water and energy used by the sites, managed by the Group		**2015/2016**			**2016/2017**	
Number of sites included in the scope:	24	163	187	24	159	183
TOTAL WATER (M^3)	**3,324,082**	**1,856,801**	**5,180,883**	**3,330,743**	**1,864,989**	**5,195,732**
Volume of water (m^3)/night(1)	0.83	0.58	0.72	0.85	0.59	0.73
TOTAL ENERGY (MWH)	**651,438**	**148,305**	**799,743**	**682,506**	**144,082**	**826,588**
Volume of energy (kWh)/night(1)	163.61	46	111	173.22	46	116
Electricity (MWh)	153,175	116,713	269,888	153,949	111,142	265,091
Gas (MWh)	479,511	8,634	488,144	508,418	11,687	520,105
Wood heating systems (MWh)	12,757	0	12,757	13,841	0	13,841
Fuel oil (MWh)	5,995	9,003	14,998	6,298	6,637	12,935
Urban heat (MWh)	0	13,955	13,955	0	14,616	14,616

(1) Nights: An accommodation rented for one night represents one night, whatever the number of occupants.

Breakdown of volume of energy managed by the Group by type of energy 2016/2017



Studying water stress

The Aqueduct tool designed by the World Resources Institute (WRI) was used to identify sensitive areas. This helped pinpoint sites managed by the Group located in the most sensitive areas in terms of quantity (the level of vulnerability is measured on a scale of 1 to 5). One site is located in a level 5 vulnerability area, while 16 sites are in level 4 areas. In addition, taking into account only water stress, 14 sites are located in level 5 vulnerability region. Water-saving measures were applied across all Pierre & Vacances sites. For example, a water saver was set up for every tap in the residences in France, and watering was adapted to rainfall. Lastly, prefectoral or local authority decrees (ban on watering gardens, etc.) are obviously respected by the residences concerned.

3.3.2 Responsible waste management

Managing the waste generated by operating our sites is one of the Group's major concerns. Firstly, it is necessary to monitor – on-site where it is possible – the volume of waste produced and to use appropriate recycling channels for each type of waste. Our ultimate aim is to optimise waste sorting so that we can work together with our waste management providers to recycle a high proportion of our waste. Prompting employees by means of clear communication and operating standards, and raising customers' awareness of best practices to be adopted are just some of the Group's levers for action.

Pierre & Vacances Europe sites

Non-hazardous waste is collected by local council services, which do not weigh the containers before emptying them and so the volumes of waste produced cannot be provided. However, initiatives are underway to encourage sorting: certain sites which have large enough kitchens have waste sorting bins and 100% of Green Key sites provide customers with recycling solutions in kitchens. All sites have specific sorting containers, in accordance with local council sorting regulations. Operational teams are also in touch with local council services to ensure that services and facilities are in place, particularly in high seasons.

For Center Parcs and Sunparks

On Center Parcs sites, cooperation with private waste management service providers means that waste can be accurately monitored at each site. A recycling commitment was undertaken under the Naturall policy: 60% recycled by 2022. This target is staggered over the next few years and is included in the environmental programme of each site and in ISO 14001 certification.

	2015/2016[1]	2016/2017
Number of sites	24	24
Total *(in tons)*	17,514	17,190
Recycling rate	30.93%	33.54%
Ratio volume of waste produced per overnight stay *(kg/night)*	1.07	0.99

Breakdown by waste type	2015/2016[1]	2016/2017
Non-hazardous industrial waste – unsorted	71.0%	66.5%
Glass	10.1%	9.1%
Cardboard / paper	10.0%	10.2%
Biodegradable waste	9.5%	12%
Other non-hazardous waste – sorted	2.0%	2.0%
Hazardous waste	0.1%	0.2%

(1) 2015/2016 data were corrected for catering waste collected on sites in Belgium and in the Netherlands.

Volumes and types of waste are monitored and managed at site level and coordinated by an expert at Group level. The role of the expert is to raise the teams' awareness on site, to act as an intermediary for the different service providers and to find innovative and attractive means of improving waste management. The expert also ensures that brand targets are met and that data are gathered and monitored.

In 2016/2017, the recycling rate across all the Center Parcs in Europe reached 33.5% (up 3.4 points on the previous year). German and Dutch sites were the highest performers with recycling rates of 50% and 36% respectively, compared with 27.5% for French and Belgian sites.

This progress was due to the inclusion this year – as well as the correction made to the 2015/2016 data – of all catering waste in restaurant kitchens in Belgium and the Netherlands and the implementation of various recycling awareness-raising initiatives (employees and customers). The volume of waste per overnight stay was, in addition, down 7% compared with 2015/2016 at 0.990kg/night.

Renovations also include improved accommodation-related recycling teams. This year, 975 cottages were equipped with recycling bins with three or four compartments (NHIW, Glass, Cardboard/paper and Plastics). The Group also wants to work on customers' recycling habits. For example, a test was carried out on food waste sorting in cottages between February and May 2017 at Center Parcs Domaine du Bois aux Daims: it enabled us to improve our understanding of customers' behaviours, expectations and motivation drivers (i.e. explain to customers the positive impact of their practices). What we learned from this test will be useful when it comes to rolling out the scheme on a wider scale across Villages Nature® Paris in 2017/2018

A quantitative waste analysis (not including waste electronic and electrical equipment – WEEE) carried out with the cooperation of our waste management provider for France showed that the recycling rate is 54%, materials recycling accounting for 32% and energy recovery for 22%.

Villages Nature® Paris

Volumes of waste and recycling rates were monitored throughout the project, as part of the Villages Nature® Paris green building charter. The waste recycling rate in August 2017 was 97% of the total mass of waste, 11% of which was accounted for by energy recovery and 86% by materials recycling.

Working with environmental bodies in each country

In each country, WEEE is processed by dedicated environmental bodies or service providers responsible for collecting waste on site (particularly in France and Germany), to ensure waste is processed in specialised channels and to optimise waste recovery. For Center Parcs Europe, Sunparks and Pierre & Vacances France, 114 tonnes of WEEE were collected over the 2016/2017 financial year.

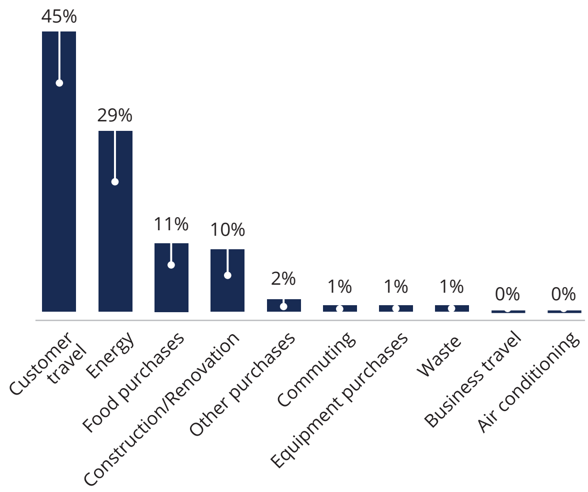
Fighting food waste

On Center Parcs sites and, to a lesser extent, in Pierre & Vacances villages, catering is supplied by external providers (catering is only under direct management at two Center Parcs sites). The food waste issue has to be tackled in conjunction with these service providers. Some practical measures have already been taken with buffets, such as adapting menus so that they are better suited to the eating habits of different types of customers (particularly in terms of their nationality), and adjusting the choice or presentation of dishes as the service gets under way to limit losses. In order to take this a step further, customer-facing education initiatives will be launched over the next year by our catering provider in France in conjunction with the Center Parcs teams.

3.3.3 Taking account of climate change

The Group's carbon footprint was updated for scope 1, 2 and 3 emissions in accordance with the emission factors from the Ademe's 'Bilan Carbone V7.5' spreadsheet, using the "location based" method. The update was based on the different studies conducted (notably, the study carried out in 2015 on the Center Parcs in France). It enabled us to confirm the Group's main greenhouse gas emissions.

Breakdown of CO_2 emissions by source



Category of emissions	Percentage of the Group's emissions	Emissions in tonnes of CO_2 equiv.(1)(2)
Scope 1: Direct emissions	21%	138,505
Scope 2: Indirect emissions from energy use	7%	44,499
Scope 3: Other indirect emissions(3)	72%	462,112

(1) Study carried out on the basis of 2015/2016 data.
(2) The degree of data uncertainty was 8% (or 42,621 tonnes of CO_2 equiv.)
(3) Scope 3: Customer travel, business travel, waste processing, renovation data, data for purchases made by the Group and estimated for catering providers.

Our customers and employees' transport (employee travel accounting for a very low percentage of the total), energy consumption and purchases are the three main sources of CO_2 emissions generated by our businesses during the operational phase.

Transport

The first source of CO_2 emissions is associated with customer transport. The Group offers a network of destinations in France and in Europe. The fact that holidays are offered on a regional basis helps to limit the transport-related CO_2 impact (the average distance travelled by our customers: 402km), and the means of transport used (train, car) produce less carbon emissions (than an aeroplane, for example). So as to limit this impact, certain measures are proposed to encourage customers to limit their car use: shuttles to the nearest train stations are offered with partners for some destinations, notably mountain resorts, and information on how to access our sites by train is provided for each of our sites. However, we note that for our customers, the vast majority of whom are families, cars are still the preferred mode of transport, as they are more convenient and less costly. Some measures were taken this year to encourage an increased use of electric cars such as the introduction of charging stations for electric cars at two Pierre & Vacances residences, and consideration is being given to extending these facilities to other residences.

So as to add new momentum to the subject of mobility, a working group was set up this year for the Center Parcs scope. The objective is to offer, from 2017/2018, new travel solutions for employees and customers ahead of their holiday (electric mobility, public transport, etc.) and on-site (electric bicycles, luggage carriers, etc.).

Energy

CO_2 emissions associated with energy use were the Group's second greatest source of CO_2 emissions. All the initiatives in place to manage energy use and promote renewable energies help to reduce our "energy" carbon footprint.

When developing new projects, the installation of renewable energy equipment is systematically considered. The location of our sites, such as Center Parcs which are, for the most part, in forests, makes it difficult to install photovoltaic panels on accommodation. On the other hand, the parking shelters at one of the two newest French Center Parcs, the Domaine du Bois aux Daims, which opened at the end of June 2015, are equipped with a photovoltaic panel capable of producing 400 MWh/year, and the heating system for cottages and central buildings has been designed to run on biogas should a biomass facility be developed locally. At sites under operation, the main brake on developing renewable energy stems from the fact that the Group does not own the buildings.

At Villages Nature® Paris, the use of geothermal energy, possible as a result of the site's location, demonstrates the efficiency of using this type of low-carbon energy with a reduction of nearly 80% of CO_2 equivalent emissions per overnight stay per person compared with a Center Parcs in France.

With regard to electricity, the Group takes a voluntary approach to sourcing energy from renewable sources. Renewable energy meets 100% of the requirements of Center Parcs and Sunparks in the Netherlands and in Belgium, and 38% of the requirements of Center Parcs in Germany, with the target of 100% by 2020. For Pierre & Vacances residences, a green energy supply plan was launched and covers nearly 90% of the electricity requirements of Pierre & Vacances France.

Purchases

This is the third largest source of CO_2 emissions. This carbon footprint calculation is based on purchases made by the Group during the year and an estimate of the purchases made by our catering partners. However, the Group has no direct control over said partners, as catering is subcontracted at all the Center Parcs and Pierre & Vacances sites offering this service. Consideration is, however, being given to these issues in talks initiated with different stakeholders (ex: the reduction of food waste, see page 86). Lastly, the Pierre & Vacances – Center Parcs responsible purchasing policy should help to reduce the impacts of this source of emissions, notably by encouraging local purchasing and CSR criteria in calls to tender.

CO_2 emissions (energy)

Volume of CO_2 emissions from energy consumption managed by the Group	CP Europe		PV Europe		Group	
	2015/2016	2016/2017	2015/2016	2016/2017	2015/2016	2016/2017
Number of sites included in the scope	24	24	164	158	188	182
GHG emissions (in tonnes of CO_2 equiv.)	164,953	171,742	20,644	20,198	185,597	191,940

The table below shows the CO_2 emissions from energy consumption managed by the Group. There was a slight increase in overall GHG emissions at Group level (3.4%), in line with the total increase in the volume of energy used over the year. By night of accommodation sold, an increase of 4.8% was observed, due to a decrease in the volume of overnight stays.

Villages Nature® Paris and the measures taken to reduce its carbon footprint

With Villages Nature® Paris – developed with Eurodisney – the Group demonstrated its capacity to propose a site with a low-carbon footprint. Four measures resulted in a reduction in construction-related emissions and were aimed at reducing emissions once the site was operational:

- constructing high energy performance buildings and maximising the use of renewable energy by sourcing geothermal energy: 100% of energy required for heating and hot water is provided by geothermal energy. This means that the carbon footprint relating to energy use per overnight stay can be reduced by nearly 80%(11) compared with the average Center Parcs site in France;
- encouraging the use of low-carbon construction materials: maximising the use of wood, particularly in accommodation, and the use of low-carbon concrete for the Aqua Lagoon (reducing the building's carbon footprint by 22%(10);
- prioritising site access for low-carbon emission vehicles with a target of 30% of visitors using public transport (thus enabling the carbon footprint due to transport to be reduced by 75%(10) compared with a seaside resort). The entire project was driven by this target: choice of strategic location (near Paris and major population centres, close to the Marne-la-Vallée transport hub), talks with local authorities about providing public transport to the site, creation of a dedicated website supplying information on all forms of access);
- prioritising soft mobility on the site (during the operational phase). For example, there are no internal combustion engine-powered vehicles on site (including maintenance vehicles – other than farm vehicles).

Adapting our offering to climate change

The tourism industry is particularly sensitive to increasingly numerous changes in weather conditions such as rainy summers or winters with little snow. Climate change may have commercial repercussions for Pierre & Vacances – Center Parcs Group business. Against this backdrop, a study was carried out by the Group's Risk Management and Insurance Department to measure the correlation between these types of weather conditions and reservations. The study concluded that over the summer period, sites in the North-Western quarter of France are the most "weather-sensitive", that is to say that the temperature is more likely to influence customer choice, particularly for short break reservations. On the other hand, over the winter season, whatever the weather index used, no link could be established between reservations and the weather.

This study is the first step towards improving our understanding of the impact of climate change on our business; it will enable use to direct our thinking in this regard.

(11) Estimates made by Egis Conseil.

3.3.4 Preserving the natural capital of our sites

Nature is a source of revitalisation, well-being and enjoyment and is one of the major assets of all our sites. Therefore, protecting and enriching the natural capital of the Villages and sites is one of the Group's principal commitments.

3.3.4.1 In the design and building phase

An analysis of the baseline condition of the environment is conducted when developing any major project. It is based, amongst other things, on a "four season" diagnosis which aims to list the fauna and flora-related challenges of the site being studied. The study identifies protected species and sensitive habitats that need to be preserved as a priority. It also makes it possible to define measures to prevent, reduce and mitigate the impact throughout the project. The first measures relate to adapting the layout to suit the site's specific environmental constraints.

Villages Nature® Paris

During the construction phase, various measures and initiatives were undertaken to enhance and develop the site's biodiversity over the long term: renaturing existing water courses on, and off, the site, thus encouraging the recreation of habitats, renaturing a 20 hectare ecological corridor on the south side of the site, implementing compensatory measures through the acquisition and protective ecological management of 115 hectares of woodland in Seine-et-Marne and the 25 hectares of woodland cleared as part of the project. Furthermore, measures taken during the development of the project (such as the planting of 28,000 trees and 15,000 shrubs or the creation of a 4km natural river bank) make the site more attractive in terms of biodiversity. Annual monitoring of the measures implemented and the species identified (nesting birds, land mammals, reptiles, amphibians and insects) shows a good use of the green spaces created by ordinary biodiversity as well as the conservation of protected species in protected areas.

Center Parcs Allgaü (Germany)

Environmental assessments were also conducted before the project was launched. Consequently, the layout was designed to take into consideration the specific features of the site, which is an old military site. In the first instance, the site was decontaminated, at the same time removing the risk of polluting ground water. Some development choices were also made to take advantage of the previous use of the site. For example, the layout was adapted to re-use all the pre-existing roadways and to re-use materials taken from the demolished bunkers (demolished on-site, the materials were broken up for use as foundations for the cottages, thereby avoiding the use of around 100,000m^3 of concrete. Measures were also taken to limit the impact of visitors on the species found on the site: roads were kept narrow, thereby imposing a speed limit across the site, an external lighting system was installed with low levels of light pollution and consideration was given to managing visitor flows. Lastly, compensatory measures were implemented inside, and outside, the site, such as the creation of a 1.1 hectare ecological corridor outside the site, the reforestation of 52 hectares of land, the creation of a water retention zone, and the creation of habitats for birds and bats.

Center Parcs Lot-et-Garonne

With plans to open it to the public in 2020, the Center Parcs project in Lot-et-Garonne will be the first of a new generation of medium-sized sites (spread across 87 hectares of land, the site will have 400 cottages). Inspired by contemporary design, the cottages will merge completely with the surrounding forest and twenty or so unusual dwellings are planned, notably based on the theme of an animal farm or an adventure. For this project, we worked with the Departmental Council of the Lot-et-Garonne region to set up a Sensitive Natural Area (ENS) in the immediate proximity of the Center Parcs project. In addition, as a result of the measures taken on the site to avoid the most sensitive sectors, the project was approved by the French National Council for the Protection of Nature (CNPN) and the Environmental Authority.

3.3.4.2 In the operational phase

Management practices aimed at preserving biodiversity on the sites, whilst ensuring the comfort levels expected by our customers, have been implemented by our operational teams: late mowing depending on the spaces, reducing soil-enriching products to a minimum, not using any phytosanitary treatments to maintain outdoor spaces, weeding by hand where possible, etc.

Center Parcs Naturall policy provides, in particular, for the implementation of a differentiated management plan to enhance biodiversity on each site.

Work with local associations to monitor biodiversity

At Center Parcs Domaine du Bois aux Daims, the monitoring of changes in biodiversity has been entrusted to two associations (LPO Vienne – the Bird Protection League – and Vienne Nature) as part of the work to set-up of the French Biodiversity Observatory. The purpose of this observatory is to guarantee the quality and transparency of the monitoring and to provide reports compiled by external species experts in line with established protocols.

3.4 Making sustainable development a part of our teams' everyday life

3.4.1 Construction phase

For major projects, more than for any other site, the Group has set itself ambitious design and building objectives. They are governed by external standards (HQE-Aménagement – or the One Planet Living initiative for the Villages Nature® Paris project).

Furthermore, concerning the projects delivered in 2016/2017, the expansion of the Center Parcs site in Moselle – 141 accommodation units - is on the way to be certified (HQE Bâtiments Tertiaires).

Center Parcs Lot-et-Garonne

For this Center Parcs project, which is due to open in 2020, HQE Aménagement certification (High Quality Environment certification in building and landscaping) was selected so as to work as far ahead as possible on incorporating not only environmental measures into the project, but also concerted actions. An initial audit was conducted and the first "HQE Aménagement" certificate was obtained for the initial phases in September 2017. Various strengths were highlighted, notably the project's contribution to developing regional and departmental tourism, the value added by the creation of local jobs and the environmental measures taken to foster biodiversity. The project was also part of a "low carbon" initiative and involved commitments that broke with the brand's usual way of operating, such as the creation of an open-air village centre to minimise energy consumption, the creation of a 100% pedestrian site, or innovations such as the development of an orchard and a vegetable plot within the bounds of the site, with the particular aim of enriching the visitor's experience.

Villages Nature® Paris: the One Planet Living initiative

Since its inception, the aim of Villages Nature® Paris has been to respond, in a practical way, to environmental issues. To do so, the One Planet Living methodology, which breaks down into ten key targets (see opposite), was followed throughout the design and construction phases. These targets aim to reduce the project's ecological footprint and to establish a social and economic balance, whilst at the same time enhancing the cultural assets and heritage of its host region. This approach takes the form of a Sustainable Action Plan (PAD), monitored by means of specific indicators. In addition, some buildings have obtained specific certification, such as HQE certification for the Aqualagon which will undergo its final audit in late 2017 and which is aiming to achieve an "exceptional" passport.

ZERO CARBON

Moving towards "zero carbon" sites (in terms of emissions from buildings-related energy consumption)

HEALTH AND HAPPINESS

Ensuring the well-being and satisfaction of visitors and employees

EQUITY AND LOCAL ECONOMY

Supporting and developing the local economy by maximising the economic impact of the resort

ZERO WASTE

Reducing the amount of waste for incineration or landfill

CULTURE AND COMMUNITY

Promoting local culture and heritage and raising visitors' awareness of sustainable development

SUSTAINABLE TRANSPORT

Reducing transport-related CO_2 emissions (customers and employees)

LAND USE AND WILDLIFE

Enhancing and developing the site's biodiversity, monitoring changes in fauna and flora,and raising visitor awareness

LOCAL AND SUSTAINABLE MATERIALS

Prioritising the use of environmentally-friendly construction materials, promoting the use of sustainable goods

LOCAL AND SUSTAINABLE FOOD

Offering healthy food and a range of organically-grown products from fair-trade channels and developing local sourcing

SUSTAINABLE WATER

Sustainable rainwater management on a regional level, reducing water consumption

3.4.2 Operational phase

Integrating sustainable development into the daily lives of the teams onsite is a major objective of our CSR stance. To do this, internal tools have been rolled out: ICARE, FMS and BEST (the sustainable development management tool). External certifications obtained by the sites, such as the Green Key and ISO14001, also help attest to their performance levels.

3.4.2.1 Internal tools

ICARE is in place at the Pierre & Vacances and Maeva residences in France and in Spain (see pages 86). It helps monitor water and energy consumption at the sites. The new Facility Management System (FMS) has also been deployed over the same scope and aims to optimise time-frames for handling customer intervention requests, improving equipment and building maintenance and providing a reliable data base for equipment at our sites. It therefore contributes to the positive performances by the sites in terms of energy and water consumption, and customer satisfaction.

These two new tools are accessible via a single portal, PEGASE, for which BEST is the third part.

Launch of the new version of BEST over a pilot scope of Pierre & Vacances sites

Initially launched in the form of a self-assessment questionnaire in 2011, BEST was totally overhauled to turn it into an operating management tool for all the sites. The new version developed for Pierre & Vacances consists of a list of actions corresponding to the brand's standards in terms of sustainable development. This action reference system was drawn up following a documentary study (ecolabels, challenges for the tourism sectors etc.) and with the contribution of the operating departments. It includes Green Key label criteria. BEST targets two major objectives. The first is to set an annual target performance level that is monitored over the year, and is drawn up together with the operating management teams. In concrete terms, the site managers must implement 42 "standard" (obligatory) actions and can validate 37 "additional" actions. The second objective is to generate momentum among the teams throughout the season and to make sustainable development standards part of daily life at the sites (by action planning, a control panel for indicator monitoring etc.).

For the scope under which BEST was launched in 2016/2017 (50 Pierre & Vacances sites labelled Green Key), almost 90% of sites have adopted the tool and 85% of standard actions had been put in place by 30 September 2017.

The target for 2017/2018 is to deploy BEST at all Pierre & Vacances residences in France, and in Spain (by adapting to the country's specific features). The BEST reference system will also be adapted for Center Parcs (integration of the Naturall Plan and the requirements for ISO 14001 certification).

3.4.2.2 External certifications

ISO 14001 and ISO 50001 – Center Parcs Europe

Center Parcs has been committed to ISO14001 certification since 1999. This year was marked by the re-certification of all sites in accordance with ISO14001 (2015 version). An audit was conducted on one site per country, with general management and the support services). ISO 50001 certification was also obtained this year, for the same scope. So as to meet the requirements of these two standards, a new version of the environmental and energy management system was prepared. At present, it is applicable during the "construction" phase, thus covering a site's entire lifecycle (construction – operation – renovation).

Green Key – Pierre & Vacances and Maeva

Green Key certification was renewed for 2017 across all sites which already had the certification, and three additional sites obtained it for the first time, bringing the number of certified Pierre & Vacances sites to 50. Furthermore, three new Pierre & Vacances premium residences were audited by the Green Key teams in 2017 and are due to obtain their certification in 2018. With 73% of premium sites certified in 2016/2017 (compared with 54% in 2015/2016), the target of 100% certification of Pierre & Vacances premium sites in mainland France cannot be met in 2018 as initially planned. The deadline has been pushed back to 1 January 2019. This was due, in part, to the opening of three new premium sites and to operational difficulties which made it impossible to apply for certification on certain sites. At 30 September 2017, a total of 37% of Pierre & Vacances sites in France were Green Key certified.

With regard to residences in Spain, an internal study is currently being carried out on the advisability of certifying certain residences with the aim of raising the profile of the Spanish sites' sustainable development approach.

In addition, nearly all residences with Green Key certification will this year be recognised as "EcoLeaders" or "Ecopartners" by the Green TripAdvisor international programme.

One Planet Living method – Villages Nature® Paris

For Villages Nature® Paris the "One Planet Living" (OPL) methodology, covering ten key targets (zero carbon, waste management, sustainable transport, water management, choice of building materials, protection of biodiversity, local food, economic development and fair trade, quality of life and well-being, culture and heritage) was followed throughout the construction phase (see page 90) and will be continued during the operational phase. A Sustainable Action Plan was compiled for the site with specific and measurable quantitative or qualitative targets. It will be reviewed on an annual basis. One person is 100%-dedicated to facilitating the One Plan Living approach on the site and for ensuring that the Action Plan is being implemented properly.

3.5 Building together with our partners

3.5.1 Consulting on new projects

The Group's aim is to create value in the communities where its sites are located. When developing new projects, this desire to be part of the local community involves close cooperation with private partners and the general public well ahead of the start date. It is manifested in specific commitments, formalised through jobs, championing local produce and promoting local tourist attractions. For major projects such as Center Parcs sites, the teams contact chambers of commerce, associations of entrepreneurs and public bodies very early on and seek to cooperate with employment, training and inclusion organisations. This work carries on throughout the operational phase when sites, together with their partners, prioritise short restaurant supply chains and ensure that local products and know-how are put to good use.

Lot-et-Garonne: ongoing consultation

For the Center Parcs project in Lot-et-Garonne, a local consultation process was organised in 2016 and coordinated by a neutral and independent guarantor (public meetings, minutes and guarantor report shared via a dedicated website). This year, the Group continued its talks with local stakeholders via a public inquiry and ongoing participatory governance. Participatory governance consists of involving all environmental, economic, tourism and corporate players and representatives from local authorities, associations, etc. in the development of the project. In addition to a general Steering Committee, a Planning Committee met on a monthly basis to monitor network and public facilities applications. Other bodies, such as the Economic Committee, the Companies Committee and the Environment Committee also met at different stages of the project's progress. The Economic Committee is composed of all regional actors with the aim of fostering partnerships and hiring local businesses and service providers (in particular, in relation to tourism and building). The Companies Committee, in partnership with chambers of commerce and professional organisations, specifically works on providing information and structuring assistance for companies preparing pre-construction tenders. The Environment Committee defines environmental policy indicators and will monitor them over time. Lastly, with the collaboration of the departmental and regional Employment Agencies, an Employment Committee will also be set up to prepare the pre-opening recruitment and training phases.

In addition, a public inquiry was conducted in the summer of 2017 in the context of the building permit and single environmental authorisation applications submitted in September 2016. All the documents, as well as the records of the public inquiry, were made available to the general public at the Pindères and Beauziac town halls, throughout the inquiry period. The investigating commissioner approved the single environmental authorisation as well as the building permits. This approval meant that the building permits for the Pindères and Beauziac communes could be issued in September 2017, and the single environmental authorisation in October 2017. The Center Parcs project in Lot-et-Garonne now has the authorisations required for its completion.

Other projects under review in France

As regards the other Center Parcs projects planned for Rousset (Saône-et-Loire) and Poligny (Jura), the Group is still convinced that these regions are attractive to tourists and that it will be able to satisfy the expectations of local authorities in terms of the social, economic and tax impacts and environmental requirements.

Following on from the public debates held in 2015 and the additional technical and environmental studies conducted in 2016 (water resources, sanitation, site access), the Group faced up the claims of the urban development plans (PLU) of the Rousset-Marizy and Polignyand communes and therefore had to suspend the development of both projects. Pierre & Vacances-Center Parcs will resume its studies once these PLU have been finalised and approved.

As for the development of a Center Parcs in Isère, at Roybon, the Group has been working since the start of the project in liaison with local partners. The development of this site is awaiting the outcome of the administrative decisions. In December 2016, the administrative court of appeal of Lyon upheld the prefectoral order authorising the project under the protected species derogation. The Group is awaiting the French Council of State's decision on the appeal that it filed in relation to the prefectoral authorisation under the water act.

For the Villages Nature® Paris project, a monitoring committee has been set up to monitor sustainable development commitments, under the aegis of the Seine-et-Marne prefect. This "Villages Nature® Paris Sustainable Development Consultation Committee" (CCDD) is organised according to a five-party governance model inspired by the "Grenelle" environmental legislation. It is thus composed of five stakeholder groups: Villages Nature® Paris, local authorities and inter-commune groupings, economic and industry players, the general public and government departments. It meets at least once a year to monitor the project's sustainable development commitments and make recommendations. This committee was proactive during the construction phase and will continue its work during the operational phase.

Consultation on other European projects

For European projects, the consultation method is defined according to the local context and procedures. For the sixth Center Parcs due to open in 2018 in Allgäu (Baden-Württemberg) in Germany, a committee was set up at the start of the project. Made up of environmental associations, representatives of the various local authorities and independent experts, the committee works on the impact of Center Parcs' customers travelling to the site on the surrounding areas and ensures that the tourism offering developed enhances local cultural and natural attractions and local and regional produce. This year, the focus has been on communicating with local residents and inhabitants of the region by means of press releases, project information meetings and site visits. In addition, systems were put in place to enable local companies to take part in calls to tender (information meetings, appointment of a dedicated contact) and inhabitants of the region to apply for future job offers that will be published when the site opens.

3.5.2 Helping to make the local economy more dynamic

As a result of their business activities, the Group's sites have a major role to play in the local economic and social fabric. In terms of employment, a site's activity generates direct jobs – up to almost 600 for a Center Parcs site – most of which are filled by local people.

This year, when Villages Nature® Paris opened, 185[12] jobs had already been created, 76% of which were taken by people living in the Seine-et-Marne region.

The Group's sites also help to make local economies more dynamic thanks to their operational spending and the money spent by tourists, this spending generating indirect jobs and staying in the local economy.

These were the findings of a local impact study[13] conducted this year at the Center Parcs Domaine des Bois-Francs in Normandy. €15.5 million are injected into the local economy every year, helping to create local wealth (GDP) of €20 million via the GDP generated by the site itself, its purchases from local suppliers, spending by direct and indirect employees of the site, spending by tourists and the taxes paid to the local tax authorities.

Purchases made locally are monitored, both during the construction phase – for French projects – and during the operational phase (see purchasing section 3.3.3).

3.5.3 Responsible purchasing policies

Group purchases stood at around €700 million in 2016/2017 (excluding Les Senioriales), 99.87% of which were from European suppliers. 55.1% of purchases were from French suppliers and less than 1% from suppliers in countries considered to be "at risk", notably China[14].

Approximately 70% of expenditure was under Group framework agreements with referenced suppliers. The rest was purchased by sites directly from suppliers under local agreements.

Purchasing Policy framework

The Group's relations with its suppliers are covered by the "Supplier Relations and Responsible Purchasing" certification obtained in 2016, for three years. Certification requirements were tightened up recently with the entry into force of ISO 20400 certification.

Major focus areas for 2016/2017

Two main focus areas were developed this year, and will continue in 2017/2018: development of an ethical, societal (personal health and safety, human rights, fundamental freedoms, corruption) and environmental risks map; formalisation of the Group's responsible purchasing policy.

Mapping ethical, societal and environmental risks

The ethical, societal and environmental risks map developed in 2017 was based on a macro analysis of purchasing families, by assessing:

- the ethical, environmental and societal risks inherent to each purchasing family throughout the value chain and in line with the areas of responsibility arising from ISO26000;
- their ranking by impact, likelihood of occurrence and level of control when faced with such risks, in relation to various factors: visibility among customers, volume of purchases, nature of the supplier markets as well as the priority issues identified in the Group's sustainable development policy.

This analysis identified the fact that maintenance, chemicals and cleaning products, laundry, cleaning and temporary work services, construction, linen, disposable products and inside and outside furniture, are the most risky purchasing families for the Group. This piece of work, which is ongoing for the suppliers/subcontractors scope, forms part of the vigilance plan prepared in conjunction with internal stakeholders. It will be combined with action plans to prevent and mitigate the risks identified. This plan, as well as its monitoring system, will be compiled over the next tax year and will be updated once every two years.

These categories are covered by framework contracts and managed directly by buyers who, as well as managing and monitoring contracts, ensure that the solutions offered match requirements as closely as possible and obtain assurances as to the quality of the products or services purchased, taking the supply chain into consideration.

Defining the responsible purchasing policy

The Purchasing Department contributes to the Group's responsible approach by prioritising and fostering relationships established with suppliers whose overall performance is closely aligned with that of the Group. The responsible purchasing policy was finalised this year and 4 priorities were defined:

Being a long-term economic partner to the regions

The Purchasing Department is committed to having a positive impact on society and, in particular, on the regions, by using local SMEs and businesses wherever possible and relevant, as well as the Adapted and Protected Sector.

Money spent with suppliers and service providers trickles down and contributes to the development of the economy in the various regions. The Group monitors two indicators in particular:

- the percentage of local purchases made during the construction phase, and the percentage of local purchases made during the operational phase. Over the last year, 67% of construction purchases in France were made within 100km of the Pierre & Vacances sites in Méribel and Deauville and the expanded Center Parcs in Moselle,
- as for the percentage of local purchases during the operational phase, the indicator calculated last year for Center Parcs Domaine du Bois aux Daims was expanded to cover all Center Parcs in France. 21% of Center Parcs France purchases were locally sourced. The target for 2018 and beyond is to monitor and increase this percentage by identifying contracts that could be relocated.

(12) At 30/09.

(13) Study carried out by EY – On Center Parcs Bois Francs, in Normandy.

(14) According to the Business Social Compliance Initiative.

With regard to the use of the protected and adapted sectors, guidelines for buyers were drafted this year, in conjunction with the Group's disability taskforce, to demonstrate good purchasing practices in relation to this sector. The amount spent with suppliers from the Protected and Adapted Sector stood at €491,000 excluding tax in 2016/2017. This figure increased by 22% compared to the previous financial year.

Target set for 2018: 100% of buyers trained in using the Protected and Adapted Sector (STPA) and in inclusion via economic activity (SIAE);

Making buyers and internal customers more responsible

The Group is committed to introducing training courses designed for buyers and internal customers, not only on sustainable development issues but also on fair purchasing practices and fairness in supplier relations. Target for 2018: 100% of buyers to have a portion of the their variable remuneration indexed to Responsible Purchasing targets;

Building a responsible supplier database:

The Group is committed to favouring and working with suppliers willing to manage their environmental, social and societal impacts. Targets for 2018:

- finalising the CSR risks map across the supply chain,
- assessing the CSR performance of our main suppliers for purchasing families identified as being "high risk" and implementing improvement plans,
- maintaining our Supplier Relations and Responsible Purchasing certification;

Purchasing responsible products and services

The Group is committed to incorporating CSR specifications into calls to tender and to taking them into consideration in the final selection of suppliers and service providers for purchasing families identified as being "high risk".

Target for 2018: 100% of calls to tender for the categories identified as being "high risk" to incorporate critical CSR specifications in the selection of suppliers.

Additional topics that were subject to in-depth review in 2016/2017

In addition, the Group chose to conduct an in-depth review of two further issues:

- financial fairness in relation to suppliers by monitoring payment times: in 2015/2016, the average payment time was shortened by four days compared with 2014/2015[15], it is now 50 days;
- the fight against corruption, notably by means of the drafting of an ethical purchasing charter which will be signed by all buyers by 2017. Documents will be accompanied by an anonymous internal and external whistleblowing system, in accordance with the Sapin 2 law and the duty of care, in consultation with the Risks Department. This system will be adapted for the second time to satisfy legal requirements on duty of care.

3.5.4 Group corporate sponsorship policy

On the occasion of its 50th anniversary, the Group chose to formalise and strengthen its sponsorship policy by creating a Company Foundation.

In keeping with the Group's desire to create ties between individuals and regions, the Company Foundation extends its societal commitments. Its aim is to contribute to the vitality of the regions and to the creation of social ties, particularly in the regions where the Group operates (in France and internationally), by supporting general interest projects bringing social, economic and environmental benefits to local communities.

Its three main areas of work are:

- Nature discovery and access to leisure activities for all.
- Revitalisation of places where local memories and cultures can be handed down.
- Reintegration of the disenfranchised and the socially and economically vulnerable.

The Company Foundation will complement the sponsorship initiatives already put in place on an ad hoc basis by brands or sites such as the partnerships between Center Parcs and the Missing Chapter Foundation, Make a wish, and Opkkikker or the partnership between Maeva.com and the "Je pars, tu pars, il part" association which provides holidays for underprivileged families.

The Company Foundation launched its first call for projects in October 2017 among local associations in France, Holland, Germany, Belgium, Spain and the UK and aims to set up the first partnerships in early 2018.

Kids Climate Conference

Held annually, the Kids Climate Conference, organised with the WWF and private partners and NGOs such as the Missing Chapter Foundation, was held this year at Center Parcs Erperheide in Belgium and at Center Parcs Hochsauerland in Germany. For the sixth year in a row, Center Parcs has been a proactive partner in this event which aims to raise children's awareness of climate change issues over three days of workshops. The children, aged between 8 and 14, reflected on the topic of "you are what you eat".

(15) According to data available to date.

3.6 Developing unforgettable and responsible holidays

3.6.1 For Tourism customers

3.6.1.1 Enhancing the site experience

Promotion of local, regionally-focused tourism

The Group has a unique network stretching across France, Holland, Belgium and Spain. This geographical dimension means that the Group is now the European leader in local tourism and that our customers' distance of travel to their holiday destination has been reduced (the average distance travelled by our customers to reach a Center Parcs in France was 244km.

Our offering is also marked by the fact that our sites have a connection with nature and with the local regions. Pierre & Vacances residences and villages are, in fact, in very varied locations and the Center Parcs sites, in particular, are in forests. All offer privileged access to each region's tourist and nature sites. This local tourism offering, a gateway to the local regions, is the starting point of our work to enrich our customers' experience.

Making responsible operating choices that are visible to our customers

The Group listens to the new expectations of its customers who are seeking a new, but also a responsible, experience. Indeed, an analysis of customer questionnaires shows a strong correlation between customer satisfaction and on-site sustainable development initiatives. Of the 80 items on the satisfaction survey, on-site sustainable development initiatives (perception of measures taken on-site in terms of waste recycling, of the upkeep of green spaces, etc.) were amongst the top 20 subjects contributing to customer satisfaction.

The Group is gradually developing its offering to propose more environmentally-friendly products and services (eco-certified hospitality products and care kits, waste recycling solutions in accommodation, biowaste recycling test, etc.). We want to use these choices, which are visible to customers, to raise their awareness and, indeed, encourage them to adopt new behaviours.

Enriching the customer experience by means of nature-oriented activities and by encouraging visitors to discover local treasures

Customer expectations are also moving towards holidays offering a closer connection with nature, acting as a gateway to the local region and providing a wide range of activities. Being convinced that our customers' awareness of global issues can be raised by their children, we are developing activities aimed at younger children and families, whilst at the same time enriching the customer experience. Center Parcs, and the majority of Pierre & Vacances villages, have "small farms" where children can approach, and learn about, animals. Activities aimed at raising awareness of global issues are also proposed: *"Quand j'serai Grand, j'serai gardien de la forêt/fermier..."* (When I grow up, I will be a forest guardian/farmer...) or the "Center Parcs Academy" at Center Parcs, and Eco'lidays activities in Pierre & Vacances villages, which cover topics such as renewable energies, the role of bees and the importance of sorting waste through fun activities.

The customer experience also involves developing new and unusual accommodation ideas such the treehouses at Center Parcs Domaine du Bois aux Daims or such as the new themed cottages at Center Parcs Domaine des Trois Forêts. These new types of accommodation offer a unique, top-of-the-range experience to fire the imagination in a universe that harks back to nature or childhood.

To date, this approach is most widely integrated at Villages Nature® Paris. The concept, which is based on harmony between man and nature, inspired not only the architecture of the buildings but also their ambiance and the activities offered in the five recreation areas: the Aqualagon, the BelleVie Farm, the Extraordinary gardens, the Forest of Legends and the Lakeside walk (see insert).

In addition, the Group wants to make its sites gateways to the local regions. This involves not only offering activities to but also promoting local products among customers. All Pierre & Vacances villages and Center Parcs sites host a satellite branch of the local tourism office and sell regional products. In addition, for Pierre & Vacances: information on activities available nearby is displayed in all establishments (residences or villages) and a partnership has been set up with RendezvousCheznous at all residences (a set of 1,400 activities offered in France); a mobile app enabling visitors to discover local culinary specialities is available at 35 destinations; 30 residences are certified as "Découvertes Locales" ("Local Discoveries": recommendations for walks, cultural visits, excursions focusing on exploring the local region and know-how); lastly, the "Planet P&V" mobile app enhances the activities available around the sites by providing practical information on the region (food, concerts, exhibitions, walks, etc.).

Villages Nature® Paris: beyond standards, incorporating sustainable development into the customer experience

At Villages Nature® Paris, visitors can benefit from a complete change of scenery, just outside Paris. The singular nature of this new site lies in its aim to offer visitors the chance to experience an optimistic and modern view of the tourism of the future. Near major cities and easily accessible by various means of transport (32km from Paris and 6km from Disneyland® Paris, near a transport infrastructure hub: the main French TGV hub, close to the Roissy Charles-de-Gaulle and Orly airports, the Marne-la-Vallée Chessy RER station, the A4 motorway, bus routes, etc.), this destination is firmly committed to making the transition to geothermal energy and is connected to nature via five recreational areas.

BelleVie Farm	Extraordinary Gardens	Aqualagon	Lakeside Walk	Forest of Legends
Honey workshop	Meet the gardener	Aqua bike	Survival in the wood	Creative nature class
Pony ride	Family exploration game	Aquajump	Running in nature	Build and decorate your own hut
Farmhand for a day		Baby swimming	Kids club	
Organic gardener		Aquaslide	Fitness trail	

3.6.1.2 Listening to customers and continually seeking to improve the quality of our products and services

Customer satisfaction is at the heart of the Group's strategy. We also do our utmost to establish a personal, unique and ongoing relationship with our customers. We listen to them so that we can improve the quality of our services and guarantee they enjoy an unforgettable holiday.

Clear and consolidated indicators to manage the quality approach

Customer satisfaction levels are monitored and analysed by means of questionnaires sent out after each stay. Two main indicators have been identified to monitor customer satisfaction: overall satisfaction and the NPS (Net Promoter Score), the difference between the number of "promoters" and the number of "detractors" in response to the question: "would you recommend this site to your friends and family?".

In 2016/2017, a total of 217,530 customer satisfaction questionnaires were processed for the Center Parcs brand and over 111,000 for the Pierre & Vacances brand. The overall satisfaction rate remained stable for Center Parcs and Pierre & Vacances (86.3%), with customers delighted with their stay up 1.6 points. The NPS remains positive for both brands and continues to rise (+15.7 points since 2012-2013 for Pierre & Vacances). These good results were confirmed by a high degree of planned return trips: over 89.3% for Pierre & Vacances and 90.2% for Center Parcs.

As part of an ongoing desire for improvement, a feedback platform has been set up so that on-site employees, in direct contact with customers, can also give their opinions on new products, services and renovations. Decisions about investment spending and improvements to on-site services can also be made on the basis of customer and employee feedback so as to deal with the main areas of dissatisfaction. This feedback also contributes to the work on rules and standards.

Rules and standards

For Pierre & Vacances, a work on brand rules and standards began in 2016 with the aim of guaranteeing consistent quality and enhancing the customer experience. This year, the initiative was extended to cover accommodation and reception. The aim is to extend it across the whole customer experience (facilities, entertainment, catering, etc.). Measures specific to the sustainable development approach were incorporated in these standards (e.g. waste sorting for accommodation or the "Faisons plus ensemble" - "doing more together" - customer communication materials).

Mobilising the teams

As is the case every year, training our employees in the Service Approach was fundamental to our strategy, so as to guarantee our customers the best service (see training section, page 78).

In addition, a Lean Management approach was launched for Pierre & Vacances France and Adagio France. This project aims to simplify operating procedures on site and at head office so as to improve customer relations. Lean Management provides teams with working methods and tools to become more efficient with a three-fold target: customer satisfaction, improved working conditions and employee involvement, and changes in managerial practices. This project – known as "Bee Lean at Pierre & Vacances" and "Be my Guest" at Adagio – began in 2016 and was rolled out in March 2017. Three basic tools are currently in place and are monitored using a self-assessment grid. The method will be rolled out at Pierre & Vacances Spain next year.

In addition to the Lean initiative, the Group is convinced that customer satisfaction is in the hands of its employees. This is why the Happy@Work survey was conducted once again this year, to measure employees' well-being and commitment (see training section, page 78).

Digital, for a smoother customer experience

In response to new consumer behaviours, a new focus area was identified in terms of de-materialising the customer process. This began with the development of mobile apps (Planet Pierre & Vacances, Planet Center Parcs and Villages Nature® Paris) enabling customers to access comprehensive, practical information on sites, accommodation and activities, both before and during their stay, with the option of reserving and paying.

New processes and services were also introduced to simplify certain stages such as on-line check-in (or via the apps), so that customers are able to access their accommodation more quickly, or electronic bills.

Villages Nature® Paris: heading for a 100% digital process

Villages Nature® Paris is taking the de-materialisation of the customer process even further. Visitors are encouraged to download the "Villages Nature® Paris" mobile app for support throughout their stay: practical information, check-in, reservation and payments for activities and services can be accessed from their smartphones and/or tablets. Furthermore, customers have a "Village Pass" wristband to enable them to access their accommodation and the Aqualagon and which can be scanned to access reserved activities. The Villages Nature® Paris teams have a PDA (Park Digital Assistant) to validate check-ins and scan customers' digital vouchers.

3.6.1.3 Increasing the number of channels of communication and dialogue with customers

Given the increasing significance of review sites and the use of social networks by customers, the Group's e-reputation is a major challenge. Pierre & Vacances-Center Parcs wants to deepen its relationship with its customers via these new channels. To do so, a dedicated team, the "Social Room", was set up in July 2016. It is responsible for responding to customer requests on social media and review sites before, during and after their stay. Furthermore, the rating of residences and domains on review sites means that the customer satisfaction work undertaken by the teams can be recognised, and the ratings attest to the quality of our services. In 2017, 118 Pierre & Vacances, Center Parcs and Maeva residences were awarded the TripAdvisor certificate of excellence, i.e. an increase of 55% (76 across these 3 brands in 2016), 15 Center Parcs and Pierre & Vacances received the Travellers'Choice award, and 14 Center Parcs received the Zoover "Holidayparks" award.

Data protection

Managing customer data is a true challenge for the Group: getting to know our customers better means that we can deliver a more personalised and satisfying experience. Being aware that personal data protection is a major concern for customers and employees, the Group places particular importance on this issue. An assessment of our data collection, storage and processing system was conducted this year. It will continue next year and will focus on customers, partners and employees.

3.6.2 Establishing a long-term relationship with owners

For almost 50 years, thousands of individual owners have put their trust in Pierre & Vacances-Center Parcs by choosing to purchase a property and entrusting the management to the Group. Over and above the financial profitability of these properties, owners have access to many services and benefits (complete property management, support with resale, exclusive promotional offers, etc.) and are supported throughout the lease period. This slight drop in the number of batch of apartments (down 8% on 2015/2016) was mainly due to the drop in the number of apartments managed by the Group and the diversification of management services with the development of Maeva.com. see page 9).

Messages posted on the website receive a response within 24 hours, while an owner relations management tool makes it possible to track every exchange. This history enables us to get to know owners better and to give a more accurate response to their requests.

In addition, the digitalisation of communication tools continued this year, such as electronic lease renewal, with access to very detailed information about the lease contract, the residence, apartment renovation plans (e.g. decoration boards or 3D films) or on-line simulations of different lease formats.

Since owner satisfaction is of fundamental importance for our Group, several indicators are closely monitored. The satisfaction rate – calculated in the same way as customer satisfaction – was 89.3% this year, down slightly on the previous year (90.6%); disputes were down 21% on the previous year. Lastly, the average amount of time taken to deal with disputes was down slightly (1.8 days in 2016/2017 compared with 2 days in 2015/2016).

Additional information

Environmental risks are dealt with in the "Risk management" section, page 12. Similarly, since the Group's businesses (property development and tourism operations) do not include manufacturing processes, the use of commodities is indirectly addressed in sections 3.3 and 3.5.3. The circular economy approach is addressed in section 3.3.2. Duty of care is addressed in section 3.5.3 ("Responsible purchasing"), its scope will be expanded next year to cover Group sites and subsidiaries).

The cross-reference table for social, environmental and societal information relative to decree no. 2012-557 of 24 April 2012 is set out in page 214.

Find the details of indicator in the CSR reporting on www.groupepvcp.com, section Sustainable Development.

3.7 Report by the independent third party body on the consolidated social, environmental and societal information in the management report

Financial year ending 30 September 2017

To the Shareholders,

In our capacity as Independent Third Party Body accredited by the COFRAC[16] under No. 3-1050 and member of the network of Statutory Auditors of Pierre et Vacances, we present our report on the consolidated social, environmental and societal information for the year ending 30 September 2017, presented in the Chapter "Information on social, environmental and societal matters" and in the Appendix "Cross-reference table for social and environmental information" of the management report, hereafter the "CSR Information", pursuant to the provisions of Article L. 225-102-1 of the French Commercial Code.

The Company's responsibility

It is the Board of Directors' responsibility to produce a management report including the CSR Information outlined in Article R. 225-105-1 of the French Commercial Code, in accordance with the standards used by the Company, mainly consisting of the protocols for non-financial reporting of environmental, social and governance data in its version dated September 2017 (hereafter the "Guidelines") a summary of which is available on the Group's website[17].

Independence and quality control

Our independence is defined by the regulatory provisions, the Code of Conduct for the profession and the provisions set out in Article L. 822-11 of the French Commercial Code. In addition, we have created a quality control system, which comprises the policies and procedures documented to ensure respect of the rules of conduct, professional standards and the applicable legal and regulatory texts.

Responsibility of the independent third party body

Based on our work, it is our responsibility to:

- ensure that the required CSR information is included in the management report or, if this is not the case, that justification has been provided in accordance with the third paragraph of Article R. 225-105 of the French Commercial Code (Certification of the presence of CSR information); - provide moderate assurance that the CSR information, as a whole, accurately includes all the most significant aspects, in accordance with the Guidelines (Reasoned opinion on the fairness of the CSR information).
- Our work was carried out by a team of five people between the months of September and November 2017 over a period of six weeks.

We conducted the following work in accordance with the professional standards applicable in France and the order of 13 May 2013, which sets out the methods used by the independent third party body when performing its duties and, concerning the reasoned opinion on the fairness of the CSR information, International standard ISAE 3000[18].

(16) Accreditation scope available at www.cofrac.fr.

(17) http://www.groupepvcp.com/fr/130/developpement_durable, section "publications".

(18) ISAE 3000 – Assurance Engagements other than audits or reviews of historical information.

1. Certification of the presence of CSR information

Nature and scope of work

We have taken account of the guidelines on sustainable development based on interviews with the persons responsible for sustainable development, according to the social and environmental consequences linked to the Company's business and its commitments to sustainable development and, where necessary, any measures or programmes resulting from this.

We have compared the CSR information included in the management report with the list set out in Article R. 225-105-1 of the French Commercial Code;

In the event of the absence of certain consolidated information, we have checked that explanations have been provided in accordance with the provisions of Article R. 225-105, paragraph 3 of the French Commercial Code.

We have checked that the CSR Information covered the consolidated scope, i.e. the Company and its subsidiaries within the meaning of Article L. 233-1 of the French Commercial Code and the companies it controls within the meaning of Article L. 233-3 of the same Code, with clarification provided in the insert "reporting perimeter" part 5.1.3.

Conclusion

On the basis of this work, we certify that the required CSR information has been included in the management report.

2. Reasoned opinion on the fairness of the CSR information

Nature and scope of the work

We have conducted around 10 interviews with the persons responsible for collecting the information and, as applicable, those responsible for internal control procedures and risk management, in order to:

- assess the appropriateness of the Guidelines with regard to their relevance, completeness, reliability, neutrality and clarity, taking into account, where necessary, best practices within the sector;
- check the implementation of a process to collect, compile, process and check the completeness and consistency of the CSR information and analyse the internal control and risk management procedures used to produce the CSR information.

We have determined the nature and scope of the tests and controls according to the nature and importance of the CSR information with regard to the features of the Company, the social and environmental priorities of its business, its sustainable development orientations and good practice in the sector.

For the CSR information that we considered the most important[19]:

- for the Company's head office, we have consulted documentary sources and held interviews to corroborate the qualitative information (organization, policies, actions, etc.); we have used analytical procedures on quantitative information and checked, on the basis of surveys calculations as well as the consolidation of data and we have verified their consistency with the other information in the management report;
- for the representative sample of the entities and sites we selected[20] based on their business, their contribution to the consolidated indicators, their implantation and a risk analysis, we conducted interviews to check that the procedures were correctly implemented, and we performed detailed tests, based on samples, to check the calculations made and reconcile the data with the supporting documents. The entities selected in this way represent 19% of the workforce and 29% of energy use (sites) with detail tests having concerned one site of each entity selected.

(19) ***Social information:***
- Indicators (quantitative information): headcount (annual average), turnover rate, absenteeism rate, frequency rate and severity rate of work accidents.
- Qualitative information: recruitment (number of new staff and of departure), organization of working time, training policy, the conditions of health and safety at work

Environmental and societal information:
- Indicators (quantitative information): water and energy usage, carbon emission (scope 1 and 2), volume of waste and sorting rate (for Center Parcs).
- Qualitative information: environmental policy, actions taken to improve the energy performance of buildings, relation with stakeholders, the territorial, economic and social impact of the activity of the company

(20) The Pierre & Vacances Spain entity and one of its site (Salou). Center Parcs France and one its site (Trois Forêts).

For the other consolidated CSR information, we have assessed its consistency in line with our knowledge of the Company.

Finally, we evaluated the relevance of the explanations provided, where applicable, when information was missing either entirely or partially.

We believe that the sampling methods and sizes selected when applying our professional judgement enable us to make a conclusion of reasonable assurance; assurance of a higher level would require more extensive checking work. The reliance on sampling techniques and other limitations inherent to any internal control and information system make it impossible to wholly eliminate the risk of a material misstatement in the CSR information.

Conclusion

Based on our work and aside from the above reservations, we have not found any material misstatement that would call into question the fact that the CSR information, taken in its entirety, is presented in a fair manner and in accordance with the Guidelines.

Paris-La Défense, 5 December 2017

Independent Third Party Body

ERNST & YOUNG et Associés

Eric Duvaud
Sustainable Development Associate

Bruno Perrin
Associate

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4

CONSOLIDATED FINANCIAL STATEMENTS

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4.1 Consolidated financial statements

4.1.1 Consolidated income statement

(in € thousands)	Notes	Financial year 2016/2017	Financial year 2015/2016
Revenue	26	1,425,309	1,372,624
Purchases and external services	27	-998,611	-942,302
Employee expenses	28	-342,013	-324,162
Depreciation, amortisation and impairment	29	-53,064	-62,131
Other operating income	30	26,901	17,488
Other operating expenses on ordinary activities	30	-14,275	-19,587
OPERATING PROFIT (LOSS) FROM ORDINARY ACTIVITIES	**3**	**44,247**	**41,930**
Other operating income	3/31	15,241	4,241
Other operating expenses	3/31	-21,401	-8,662
OPERATING PROFIT (LOSS)	**3**	**38,087**	**37,509**
Financial income	32	3,035	2,250
Financial expenses	32	-48,016	-28,020
FINANCIAL INCOME (EXPENSES)		**-44,981**	**-25,770**
Income tax	33	-15,426	-13,687
Share of net income (loss) of equity-accounted investments	8	-34,382	-5,562
NET INCOME		**-56,702**	**-7,510**
Of which:			
◆ *Attributable to owners of the Company*		*-56,727*	*-7,432*
◆ *Non controlling interests*		*25*	*-78*
Basic earnings (loss) per share, attributable to owners of Company *(in €)*	34	-5.95	-0.82
Diluted earnings (loss) per share, attributable to owners of Company *(in €)*	34	-5.95	-0.82

4.1.2 Statement of comprehensive income

(in € thousands)	Financial year 2016/2017	Financial year 2015/2016
NET INCOME	**-56,702**	**-7,510**
Translation adjustments	-219	-214
Effective portion of gains and losses on hedging financial instruments	0	298
Deferred tax	0	-103
Other comprehensive income (loss) that may be reclassified subsequently to profit or loss, net of tax	**-219**	**-19**
Actuarial gains and losses on retirement benefit obligations	2,319	-1,679
Other comprehensive income (loss) that will not be reclassified subsequently to profit or loss, net of tax	**2,319**	**-1,679**
Other comprehensive income (loss), net of tax	**2,100**	**-1,698**
TOTAL COMPREHENSIVE INCOME (LOSS)	**-54,602**	**-9,208**
Of which:		
◆ *attributable to owners of the Company*	*-54,627*	*-9,130*
◆ *non controlling interests*	*25*	*-78*

4.1.3 Consolidated statement of financial position

Assets

(in € thousands)	Notes	30/09/2017	30/09/2016
Goodwill	4	158,951	158,951
Intangible assets	5	122,150	122,407
Property, plant, and equipment	7	257,683	269,638
Equity-accounted investments	8	6,838	10,823
Available-for-sale financial assets	9	1,629	1,631
Other non-current financial assets	10	44,450	25,333
Deferred tax assets	33	88,877	89,739
NON-CURRENT ASSETS	**3**	**680,578**	**678,522**
Inventories and work in progress	11/12/24	185,880	209,808
Trade receivables	13/24	268,229	239,673
Other current assets	14/24	187,965	200,627
Current financial assets	14/24	78,855	37,462
Cash and cash equivalents	15	86,842	88,549
CURRENT ASSETS	**3**	**807,771**	**776,119**
TOTAL ASSETS	**3**	**1,488,349**	**1,454,641**

Liabilities

(in € thousands)	Notes	30/09/2017	30/09/2016
Share capital		98,017	98,017
Share premium		21,276	21,276
Treasury shares		-5,541	-5,704
Other comprehensive income (loss)		-3,171	-5,272
Reserves		273,000	278,071
Consolidated profit (loss)		-56,727	-7,432
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	**16**	**326,854**	**378,956**
Non controlling interests		24	-41
EQUITY		**326,878**	**378,915**
Long-term borrowings	18	277,188	285,010
Non-current provisions	17	58,531	26,718
Deferred tax liabilities	33	5,521	6,296
Other non-current liabilities	23/24	149	862
NON-CURRENT LIABILITIES	**3**	**341,389**	**318,886**
Short-term borrowings	18	18,435	10,475
Current provisions	17	7,458	7,423
Trade payables	22/24	319,109	298,402
Other current liabilities	23/24	452,686	418,600
Current financial liabilities	23/24	22,394	21,940
CURRENT LIABILITIES	**3**	**820,082**	**756,840**
TOTAL EQUITY AND LIABILITIES	**3**	**1,488,349**	**1,454,641**

4.1.4 Consolidated statement of cash flows

(in € thousands)	Notes	Financial year 2016/2017	Financial year 2015/2016
Operating activities			
Consolidated profit (loss)		**-56,702**	**-7,510**
Depreciation, amortisation and impairment of non-current assets		44,768	45,072
Expenses on grant of share options		2,410	1,490
Gains (losses) on disposal of assets		421	445
Share of profit (loss) of equity-accounted investments		34,383	5,562
Costs of net financial debt	32	30,215	19,286
Change in fair value of the ORNANE monetisation option		15,662	5,755
Tax expense (including deferred taxes)	33	15,426	13,687
Operating cash flows before change in working capital requirements		**86,582**	**83,787**
Net interest paid		-28,963	-18,033
Taxes paid		-14,572	-14,174
Cash flows after interest and tax		**43,047**	**51,580**
Change in working capital requirements (including in employee benefits liability)		-6,528	-7,945
Inventories and work in progress	11/24	20,075	4,361
Other working capital items	11/24	-26,603	-12,306
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES (I)		**36,519**	**43,635**
Investing activities			
Acquisitions of property, plant and equipment, and intangible assets	5 / 7	-34,741	-31,889
Purchases of financial assets		-2,355	-1,970
Acquisitions of subsidiaries (net of cash acquired)		0	-2,350
Subtotal of disbursements		**-37,096**	**-36,209**
Proceeds from disposals of property, plant and equipment, and intangible assets		3,133	2,204
Disposals of financial assets		3,524	940
Divestments of subsidiaries (net of cash paid)		9,753	0
Subtotal of receipts		**16,410**	**3,144**
NET CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES (II)		**-20,686**	**-33,065**
Financing activities			
Capital increase in cash by the Company	18	0	22,440
Acquisitions and disposals of treasury shares	16	163	75
Dividends paid to non-controlling interests		0	-49
Proceeds from new loans and other borrowings	18	18,342	65,970
Repayment of loans and other borrowings	18	-44,468	-51,139
Other cash flows from (used in) financing activities (including foreign exchange effect)		-25	-56
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES (III)		**-25,988**	**37,241**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (IV = I + II + III)		**-10,154**	**47,811**
Cash and cash equivalents at start of the reporting period (V)	15	87,425	39,614
Cash and cash equivalents at reporting date (VI = IV + V)	15	77,271	87,425

4.1.5 Consolidated statement of changes in equity

(in € thousands)	Number of shares	Share capital	Share premium	Treasury shares	Translation adjustments	Fair value reserves (mainly hedging financial instruments)	Reserves	Consolidated profit (loss)	Equity attributable to owners of the Company	Non controlling interests	Total shareholders' equity
BALANCE AT 30 SEPTEMBER 2015	**8,821,551**	**88,216**	**8,637**	**-11,554**	**286**	**-116**	**290,148**	**-11,536**	**364,081**	**84**	**364,165**
Other comprehensive income (loss)					-214	195			-19		-19
Actuarial gains and losses on retirement benefit obligations							-1,679		-1,679		-1,679
Net income								-7,432	-7,432	-78	-7,510
Total comprehensive income (loss)		**0**	**0**	**0**	**-214**	**195**	**-1,679**	**-7,432**	**-9,130**	**-78**	**-9,208**
Capital increase	980,172	9,801	12,639						22,440		22,440
Dividends paid									0		0
Change in treasury shares held				5,850			-5,775		75		75
Share-based payment expenses							1,490		1,490		1,490
Other movements									0	-47	-47
Allocation of profit for the year							-11,536	11,536	0		0
BALANCE AT 30 SEPTEMBER 2016	**9,801,723**	**98,017**	**21,276**	**-5,704**	**72**	**79**	**272,648**	**-7,432**	**378,956**	**-41**	**378,915**
Other comprehensive income (loss)					-218	0			-218		-218
Actuarial gains and losses on retirement benefit obligations							2,319		2,319		2,319
Net income								-56,727	-56,727	25	-56,702
Total comprehensive income (loss)		**0**	**0**	**0**	**-218**	**0**	**2,319**	**-56,727**	**-54,626**	**25**	**-54,601**
Dividends paid									0		0
Change in treasury shares held				163			-49		114		114
Share-based payment expenses							2,410		2,410		2,410
Other movements									0	40	40
Allocation of profit for the year							-7,432	7,432	0		0
BALANCE AT 30 SEPTEMBER 2017	**9,801,723**	**98,017**	**21,276**	**-5,541**	**-146**	**79**	**269,896**	**-56,727**	**326,854**	**24**	**326,878**

4.1.6 Notes to the consolidated financial statements

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Preamble

Pierre et Vacances is a French Public Limited Company (société anonyme), governed by a Board of Directors and listed on Euronext Paris.

The consolidated financial statements reflect the financial position of Pierre et Vacances and its subsidiaries (hereinafter referred to as "the Group"), as well as its interests in associates and joint ventures.

The financial statements are presented in euros, rounded to the nearest thousand.

The Board of Directors approved the Group's consolidated financial statements for the year ended 30 September 2017 on 21 November 2017.

Note 1 Accounting principles

1.1 - General framework

Pursuant to European Regulation No. 1606/2002 of 19 July 2002, the consolidated financial statements for the 2016/2017 financial year have been prepared in accordance with IFRS (International Financial Reporting Standards) as adopted by the European Union at 30 September 2017 (these standards are available at http://ec.europa.eu/finance/accounting/ias/index_en.htm).

The IFRS accounting standards include IFRS, IAS (International Accounting Standards) and their IFRIC (International Financial Reporting Interpretations Committee) and SIC (Standing Interpretations Committee) interpretations.

These standards and interpretations used for the 2016/2017 financial year are the same as those applied in the Group's financial statements for the 2015/2016 financial year, except for those adopted by the European Union which must be applied for the first time in the financial year beginning 1 October 2016 and for which the Group had not elected for early adoption (see section 1.2 – Changes in accounting standards).

1.2 - Changes in accounting standards

New standards and interpretations, which must be applied for the first time in the financial year beginning 1 October 2016, were used to prepare the financial statements for the 2016/2017 financial year.

The new standards, interpretations and amendments applied by the Group for the 2016/2017 financial year and not applied in advance in the financial statements for the 2015/2016 financial year include the following:

- amendments to IAS 1 "Presentation of Financial Statements" on the disclosure initiative;
- amendments to IAS 16 "Property, Plant, and Equipment" and IAS 38 "Intangible assets" clarifying acceptable methods of depreciation and amortisation;
- amendments made to IFRS 11 "Joint Arrangements" on the recognition of the acquisition of interests in joint operations;
- amendments resulting from the 2012-2014 IFRS annual improvement process.

The first-time adoption of these texts had no material impact on the Pierre & Vacances-Center Parcs Group.

In addition, new standards will be applicable over the following financial years. These are primarily:

- IFRS 9 "Financial Instruments" applicable to financial years beginning on or after 1 October 2018 for the Pierre & Vacances-Center Parcs Group;
- IFRS 15 "Revenue from Contracts with Customers", applicable to financial years beginning on or after 1 October 2018 for the Pierre & Vacances-Center Parcs Group;
- IFRS 16 "Leases", applicable to financial years beginning on or after 1 October 2019 for the Pierre & Vacances-Center Parcs Group (subject to adoption by the European Union).

The Group is reviewing all these standards to measure their impact on the Group's consolidated financial statements and on disclosures to be made in the notes to the financial statements.

1.3 - Basis of presentation

Individual financial statements of the Group's consolidated companies, which are prepared according to the accounting regulations applicable in their respective countries, are restated to comply with the Group's accounting policies.

All fully consolidated companies are consolidated on the basis of annual financial statements or positions at the reporting date of the parent company, namely 30 September.

The Group's consolidated financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which, if present at the reporting date, are recognised at their fair value: derivative financial instruments, financial assets held-for-trading and available-for-sale financial assets. The carrying amount of the assets and liabilities hedged against changes in fair value is adjusted to take into account such changes attributable to the risks hedged.

As provided for by IAS 1 "Presentation of Financial Statements", the Group reports income statement items according to their nature.

Operating profit (loss) includes "Other operating expenses" and "Other operating income". These line items essentially comprise non-recurring items such as gains and losses on disposals, restructuring expenses and impairment losses.

Statement of financial position items are classified into current and non-current assets, and current and non-current liabilities. The Group's current assets include cash and cash equivalents, assets held for sale and assets consumed in a normal operating cycle. All other assets are classified as non-current. Current liabilities consist of liabilities that mature in the Group's normal operating cycle or within 12 months after the reporting date. All other liabilities are classified as non-current.

The statement of cash flows is presented using the indirect method.

1.4 - Use of accounting estimates

The preparation of consolidated financial statements in accordance with international accounting principles requires Group management to use a number of estimates and assumptions that have an effect on the assets and liabilities and on the expenses and income in the income statement, as well as on any assets and liabilities mentioned in the notes.

The main estimates made by Management when preparing financial statements involve assumptions about the recoverability of tax losses (see Note 33), the determination of earnings at the end of property programmes, the classification of lease agreements as finance leases or operating leases, the valuation of goodwill and the useful lives of operating assets, property plant and equipment, and intangible assets.

These estimates are made on a going concern basis and are drafted according to the information available when they were made. It is possible that the actual amounts are subsequently found to be different from the estimates and assumptions made in preparing the financial statements presented.

1.5 - Basis of consolidation

The following consolidation methods have been used:

- full consolidation, all the companies over which the Group exercises exclusive control, directly or indirectly, in law or in fact;
- equity method – joint ventures (companies operated jointly within the context of joint control) as well as shares of companies over which the Group directly or indirectly exercises significant influence without, however, having control. Significant influence is presumed when the Group holds more than 20% of the voting rights.

  Consolidation using the equity method requires an interest in an associate or joint venture to be recognised initially at the acquisition cost, then adjusted at a later date for the net income and other comprehensive income (loss) of the associate or joint venture attributable to the owners of the Company.

  Share of net income (loss) of these entities is incorporated into the Group's consolidated profit (loss), on a specific line entitled "Share of net income (loss) of equity-accounted investments".

The results of companies acquired during the year are consolidated as from the date on which control (exclusive or joint) or significant influence begins. The results of the companies sold during the year are consolidated up to the date on which control or notable influence ceases.

1.6 - Foreign currency translation methods

Translation of transactions denominated in foreign currency

A company's functional currency is the currency of the primary economic environment in which the Company operates. Transactions made in a currency other than the functional currency are translated at the exchange rate in effect at the time they occur. At the reporting date, receivables and corresponding payables are converted into the functional currency at the reporting date exchange rate. The resulting translation differences are recognised in profit or loss.

Translation of foreign currency financial statements

The statement of financial position of companies whose functional currency is not the euro are translated into euros at the reporting date exchange rate and their income statement at the average exchange rate for the year.

The resulting translation differences are shown in shareholders' equity and will be recognised in profit (loss) for the year during which control of the business ceases.

1.7 - Business combinations

Acquisition costs

The cost of purchasing shares equals the fair value of the assets handed over, the liabilities incurred or assumed, and the equity instruments issued by the buyer on the date of purchase.

The costs directly attributable to the acquisition are recognised under other operating expenses for the period during which they are incurred.

Earn-outs, irrespective of their likelihood of payment, are recognised at fair value in liabilities or shareholders' equity as of the acquisition date; subsequent adjustments must be reported in profit (loss) if the initial entry was under liabilities.

Identifiable assets, identifiable liabilities and goodwill

When they integrate the Group, the assets and liabilities that can be measured separately are reported in the consolidated statement of financial position at their fair value. Assets intended for resale are measured at their fair values less the selling costs. Goods intended for use in operation are measured at their fair value.

The fair value of brand names, as identifiable intangible assets, is determined using a multi-criteria approach generally accepted for the purpose ("relief from royalty" method, excess cash-flows method and cost approach).

The measurement of identifiable assets determines their new gross carrying amount. This serves as a basis for subsequent calculations of gains or losses on disposal, depreciation, amortisation, and impairment losses.

Goodwill represents any amount in excess of the consideration transferred and, if applicable, the difference between the value of "non-controlling interests" and the net fair value of identifiable assets and liabilities of the acquired company. Depending on the option selected for measuring these interests at the date control is acquired (fair value or share of net assets acquired), the goodwill recognised represents either the share acquired by the Group (partial goodwill) or the share of the Group and the share of the non-controlling interests (total goodwill).

If the difference is positive, it is recorded under "Goodwill" for companies consolidated by the full consolidation method and under "Equity-accounted investments" for joint ventures or companies over which the Group exercises significant influence. If the difference is negative, it is posted directly to profit or loss.

If, in the 12 months following the acquisition date, new information leads to a new assessment of the fair values of the assets and liabilities when they were included in the consolidated statement of financial position, the fair values are updated. The remeasurement will result in a change in the gross amount of the goodwill.

When a company is purchased in stages, the previous shareholding is reassessed at fair value on the date control is acquired and the difference from the net carrying amount is recognised in profit or loss.

Commitment to buy out non-controlling interests

When the Group grants purchase options on their investments to shareholders of its fully consolidated subsidiaries, it anticipates this additional purchase of shares. These commitments are recognised as financial liabilities at the discounted value of the buy-back price, along with an entry to non-controlling interests and any remaining balance being recorded in equity.

1.8 - Non-current assets held for sale and associated liabilities

Assets and liabilities that the Group decided to sell during the year are presented on a separate line item of the statement of financial position ("Non-current assets and disposal groups held for sale"), if they are available for immediate sale and the sale is highly probable.

When several assets are intended to be sold in a single transaction, the asset group and the related liabilities are measured overall at the lowest of the net carrying amount and the fair value net of the selling costs. Non-current assets classified as held for sale are no longer depreciated.

1.9 - Goodwill impairment tests

Under IFRS, goodwill is not amortised but is subject to impairment testing whenever there is an indication that it may be impaired and at least once a year at the end of the financial year, namely at 30 September.

This test is carried out in order to take account of any changes that may have reduced the profitability and value of the goodwill. Such events or circumstances include significant unfavourable changes of a permanent nature, affecting the economic environment or the assumptions and objectives adopted at the date of acquisition.

The assets are combined into cash generating units (CGUs). A CGU is the smallest group of assets generating cash flows largely independent of other asset groups. The CGU Groups adopted by Pierre & Vacances-Center Parcs for assessing the recoverable amount of goodwill are the Group's operating segments used to analyse its results for internal reporting purposes.

This impairment test involves comparing the recoverable amount of the cash generating units (CGUs), or of the CGU group, with the net carrying amount of the corresponding assets, including any goodwill. Through these impairment tests, the Group ensures that the recoverable amount of goodwill is not less than the net carrying amount. The recoverable amount is the higher of the fair value less selling costs or the value in use.

If an asset is to be sold, the recoverable amount is determined based on the fair value less selling costs.

The fair value less selling costs is the selling price that could be obtained in a transaction carried out in normal market conditions between informed and consenting parties, less the costs to sell and the costs of withdrawing from the business. The asset's selling price is determined with reference to similar recent transactions or valuations made by independent experts when a sale is in the offering.

Value in use is the future net discounted cash flows that would be generated by the CGU or group of CGUs. Cash flow projections come from five-year business plans developed internally by operating segments. For periods beyond five years, they are estimated using a perpetual growth rate. The discount rate used is based on the average cost of capital reflecting current market assessments of the time value of money and the risks specific to the asset tested. These discount rates are after-tax rates applied to after-tax cash flows. They are used to determine recoverable amounts that are identical to those obtained using pre-tax rates applied to pre-tax cash flows.

An impairment loss is recognised in profit and loss if the carrying amount of a goodwill item is greater than its recoverable amount. Any impairment losses are recorded in "Other operating expenses". Any impairment loss recognised for a goodwill item may not be reversed in future periods.

1.10 -Intangible assets

Intangible assets individually acquired are stated in the statement of financial position at their purchase cost less accumulated amortisation and impairment losses.

Intangible assets acquired as part of a business combination are reported at their fair value on the date of acquisition, separately from the goodwill if they are identifiable, that is to say if they satisfy one of the following two conditions:

- they result from legal or contractual rights; or
- they can be separated from the entity acquired.

They primarily consist of brand names.

Intangible assets include:

- brand names that the Group has classified as intangible assets with indefinite useful lives.

  These assets are recorded in the statement of financial position on the basis of a valuation made at the date of acquisition by independent experts using a multi-criteria approach, which takes into account brand name awareness and expected future contribution to profits. They account for most of the net carrying amount of intangible assets recorded on the Group's consolidated statement of financial position. Brand names are not amortised but their value is subject to a test if there is an indication that they may be impaired and at least once a year at the reporting date, namely at 30 September. A provision for impairment losses is reported if the amount determined using impairment tests is lower than their net carrying amount.

  The Group determines the value in use of each of its brand names by updating their carrying amounts using the same method as that used for goodwill impairment tests (i.e. discounted future cash flows generated by the business covered by the brand) or the "relief from royalty" method (five-year projection of future royalties from the brand). Any impairment losses are reported in the income statement, under "Other operating expenses". The corresponding provision may subsequently be reversed if the value in use becomes higher than the net carrying amount;

- the other intangible assets that the Group has classified as intangible assets with definite useful lives. Essentially, these are concessions and patents that mainly include software licences and expenditure on computer programs. These non-current assets are amortised using the straight-line method over periods reflecting their useful lives, usually between three and eight years. If there is an indication of impairment loss, a valuation test is automatically carried out.

1.11 - Investment subsidies

Investment subsidies are shown on the statement of financial position as a reduction in the value of the asset for which they were received.

1.12 - Property, plant, and equipment

Items of property, plant and equipment are reported in the statement of financial position at their historic acquisition cost or at their construction cost or else, for assets owned by entities consolidated for the first time, at their acquisition-date fair value less any accumulated depreciation and any reported impairment losses. Interest on capital borrowed to finance the production of property, plant and equipment items during the period prior to their being placed in service is considered to be an integral part of their construction costs.

Lease agreements are classified as finance leases and are restated in the consolidated financial statements when in substance they transfer to the Group virtually all the risks and benefits inherent in ownership of these properties. The level of risk transferred is measured by analysing the terms of the agreement.

Property, plant and equipment items acquired through finance lease agreements are presented in assets at the lower of the item's market value and the discounted value of future lease payments. Depreciation is recognised over the asset's useful life, the corresponding liability being reported along with the related interest expense.

Unlike finance leases, operating leases are recognised in the income statement as lease payments under "Purchases and external services". These lease payments mainly relate to buildings and fittings and are spread on a straight-line basis over the duration of the contracts.

Rent commitments, representing total future minimum payments over the remaining lease term, are indicated in Note 36 "Off-statement of financial position commitments".

From the date they are placed in service, property, plant and equipment items are depreciated over their useful lives, using a component-based approach and the straight-line method:

Buildings	20-54 years
Equipment, fixtures and fittings	5-16 years
Furniture	7-12 years
Other property, plant and equipment	3-4 years

Items of property, plant and equipment are considered impaired when their economic value appears lower than their net carrying amount as a result of events or circumstances occurring during the financial year.

Thus, at each reporting date, the Group assesses whether there is any indication of impairment loss relating to identifiable asset groups whose continuous use generates cash flows that are largely independent of those generated by other assets or asset groups. Consequently, the Group analyses, for example, the change in revenue or in operating profit (loss) generated by these cash-generating units, or groups of cash-generating units. In the case of a material unfavourable change, the Group then determines the recoverable amount of all the assets concerned. This is the higher of the fair value less selling costs, and the value in use. The value in use is determined on the basis of the discounted future cash flows estimated using the same methodology as described for goodwill.

Any impairment losses are reported in the income statement, under "Other operating expenses" and the corresponding provision may be subsequently reversed if the economic value becomes higher than the net carrying amount.

1.13 - Non-current financial assets

This category mainly comprises available-for-sale financial assets, loans and receivables due from associates and non-consolidated entities, loans and security deposits that mature in more than 12 months.

Equity interests in unconsolidated companies are classified as "Available-for-sale financial assets" and therefore are recognised on the statement of financial position at their fair value. Positive and negative changes in value are recorded directly in other comprehensive income or loss. For shares listed on the stock market and for unlisted shares, fair value is an estimate of their fair value. If the fair value cannot be determined reliably, the shares are recognised at their acquisition cost. If there is an objective indication that these shares may be impaired (a significant or prolonged decline in value), a provision for irreversible impairment is recognised under "Other operating expenses".

Other non-current financial assets are recorded at amortised cost using the effective interest rate method. If there is an objective indication of impairment loss, a provision for impairment is recognised for the difference between the net carrying amount and the recoverable value, along with an entry to income. This provision may be reversed if the recoverable amount subsequently improves.

1.14 - Inventories of finished goods and work in progress

Inventories mainly include the inventories of finished goods and work in progress for the property development business, assets held for sale and inventories of goods intended for resale as part of the Group's Tourism business.

Inventories of finished goods and work in progress are valued at the lower of their purchase price or production costs, and their probable net realisable amount. If the realisable amount of the inventories (price net of selling expenses) is less than their carrying amount, a provision for impairment loss is recorded accordingly.

The Group applies the percentage of completion method to report the revenue and margins of its property development business. All direct costs for ongoing property development programmes are capitalised in inventories, including any related marketing fees and financial expenses (net of any financial income) that may be attributable to operations. When the work is completed, committed expenditures that are not yet invoiced are capitalised in inventories.

1.15 - Trade receivables

Due to the nature of the Group's businesses, trade receivables are short-term and are therefore recognised at their nominal amount.

These receivables are impaired when a debtor shows a risk of insolvency or, where necessary, when recovery of the receivable is contested or is the subject of abnormal payment delays. The impairments are based on an individual or statistical assessment of this risk of non-recovery.

Under the "Ownership & Holidays" sales programme offered to investors in properties developed and marketed by the Group, the buyers do not have to pay out the full purchase costs of the assets. Receivables linked to pre-paid rent commitments receive interest. Repayments are made each year using the rent payments from the tourism operating companies, authorised by the owners. They are presented under "Other receivables and pre-paid expenses".

Further, for the accounting of contracts according to the percentage of completion method, trade receivables include:

- calls for funds to buyers as the work progresses for work not yet paid;
- "invoices to be issued" corresponding to calls for funds not yet issued for off-plan sales contracts;
- any offset that may exist between calls for funds and actual progress recorded on the reporting date. These receivables are not due.

1.16 - Cash and cash equivalents

The gross balance of cash and cash equivalents, as presented under assets on the statement of financial position, includes cash and demand deposits, as well as short-term investments (unit trusts – Sicav – and mutual funds) for terms of less than three months, which are classified as available-for-sale securities. These investments comply with the four criteria of the AMF, their terms are for less than three months, they are available for sale at any time for their nominal amount, and the foreign exchange risk is very low.

Cash and cash equivalents in the consolidated statement of cash flows represent gross amounts less overdrafts.

Accrued interest on items included in net cash is reported under net cash.

1.17 - Pierre et Vacances treasury shares

Shares in Pierre et Vacances held by the parent company and/or by Group companies, irrespective of the purpose of the holding, are recorded at their acquisition cost as a reduction to consolidated equity. The result of any sale of treasury shares is recognised directly to consolidated reserves at their value net of tax and does not impact profit (loss) for the year.

1.18 - Share-based payment

Share options granted by the Group to its employees and executives are reported as an employee expense representing services rendered by the beneficiaries of these plans. Thus, the recognised expense reflects the fair value of the options granted calculated on the date of their grant by the Board of Directors using the "Black & Scholes" method. This expense is spread over the vesting period along with corresponding increases in reserves.

The grant of benefits to employees through a Group Share Ownership Plan also falls under the scope of IFRS 2 to the extent that a discount is given when the employee buys the shares. Thus, when the subscription price granted to employees includes a discount from the fair value of the share at the grant date, an expense is recognised immediately or over the vesting period unless acquisition is immediate.

1.19 - Provisions

A provision is reported when, at the reporting date, the Group has an obligation to a third party that results from a past generating fact, the measure of which can be estimated reliably and will probably or certainly cause an outflow of resources to the benefit of the third party with no at least equivalent consideration expected from that party. This obligation may be legal, regulatory, contractual or implicit. Provisions are reported at the value that represents the best estimate of the amount to be paid to settle the obligation. If the amount or the maturity cannot be estimated with sufficient reliability, the obligation is treated as a contingent liability and is disclosed in the notes.

Thus, to take account both of its contractual commitments and maintenance policy for the property leased, the Group records provisions for renovation expenses in its financial statements. These provisions are intended to take account of future renovation costs to be paid by the Group through the end of the lease term. They are calculated on the basis of discounted future renovation costs.

Furthermore, in the case of restructuring, an obligation is recognised whenever the restructuring has been announced and included in a detailed, formal plan before the reporting date.

1.20 - Provisions for retirement and other post-employment benefits

Post-employment benefits

The Pierre & Vacances-Center Parcs Group complies with employee retirement legislation, regulations and customs in each of the countries in which it operates.

Group companies pay salary-based contributions to the appropriate institutions. As such, they carry no actuarial liability for these retirement plans. For these defined-contribution plans, payments made by the Group are recorded in profit (loss) as expenses for the period to which they relate.

Certain entities within the Group also have their own retirement plan for their employees. A provision for the corresponding actuarial liability is recorded in the consolidated financial statements. The same applies in France for Group commitments to employees for end of service awards. For these defined benefit plans, the cost of providing the benefits is estimated using a retrospective method based on end of service salaries.

Under this method, the cost of the commitments is recognised as an expense in such a way as to spread it evenly over the employees' period of service. The amount of the provision includes the present value of estimated future payments taking into account length of service, mortality rate, employee turnover rate and valuation and discounting assumptions. For defined-benefit plans partially or wholly financed by contributions paid into a separate fund or an insurance company, the assets of these entities are valued at their fair value. The liability is then recorded in the statement of financial position after deducting the value of the plan assets that cover this obligation.

Actuarial gains and losses result from changes in the actuarial assumptions used for valuations from one year to the next, and from any variance in the obligation or the value of the funds with respect to the actuarial assumptions made at the beginning of the financial year. Under IAS 19 "Employee Benefits", these resulting actuarial gains and losses are recognised in other comprehensive income.

Other long-term benefits

When signing corporate agreements, the Group also grants its personnel other long-term benefits during employment such as bonuses and free holidays at the holiday residence portfolio managed by the Group; they are given to employees according to their years of service. These benefits are also the subject of provisions that are determined by using an actuarial calculation comparable to that used for retirement provisions. Where necessary, the actuarial differences that are revealed in the year are amortised immediately in the year in which they are reported.

Past service cost

The modification or introduction of a new benefits plan after employment has ceased, or other long-term benefits may increase the present value of the obligation reflecting the benefits defined for services rendered during previous years and called "past service costs". These past service costs are expensed immediately in the year they are incurred.

The expense representing the change in net commitments for retirement and other post-employment benefits is recognised in profit or loss from ordinary operations or in other financial income and expenses according to the nature of the underlying items. The effect of the reversal of the discounting of the retirement benefit obligation, net of expected return of plan assets, is reported under "Other financial income and expenses".

The portion at more than one year of the "Provisions for retirement and other post-employment benefits" is classified as non-current provisions and the portion at less than one year as current provisions. This current portion reflects the payments that the Group estimates it will have to make in the 12 months following the reporting date.

1.21 - Loans and other borrowings

Financial liabilities

All loans are initially recorded at the cost which reflects the fair value of the amount received net of the costs for setting up the loan. Thereafter, these loans are recorded at amortised cost using the effective interest rate method and the difference between the cost and the repayment amount is recognised in profit (loss) over the term of the loans.

The effective interest rate is the rate used to obtain the carrying amount of a loan at the outset by discounting the future cash payments and receipts over the life of the loan. The carrying amount of the loan at the outset includes the transaction costs and any associated premiums.

If the future interest expense is hedged, the financial liabilities whose cash flows are hedged continue to be measured at amortised cost, the change in value of the effective portion of the hedging instrument being recognised in other comprehensive income (loss).

In the absence of any hedging relationship, or for the ineffective portion of the hedging instrument, the changes in value of the derivative instruments are recorded in net financial income (expenses).

Bonds redeemable in cash and new and/or existing shares (ORNANE)

The ORNANE bonds are similar to convertible bonds (OCEANE), which share increases in the Group share price with investors by allotting them an outperformance premium representative of the difference between the stock market share price on the maturity date and the bond's principal.

The Group may thus issue a variable number of shares depending on the share price and the redemption option being exercised. At maturity, the Group may apply the following redemption terms at its discretion:

a) Option 1: redemption by conversion into new and/or existing shares;

b) Option 2: redemption by paying the principal and the outperformance premium in cash;

c) Option 3: redemption by paying the principal and the outperformance premium partly in cash and in new and/or existing shares.

Accordingly, the option component of ORNANE bonds does not meet the condition of exchanging a fixed amount of cash for a fixed number of equity instruments required by IAS 32 in order to recognise a derivative instrument in equity and must therefore be recognised as a derivative instrument at fair value through profit or loss.

As such, ORNANE is a bond comprising two components:

- a liability component recognised at amortised cost under liabilities;
- an equity component (derivative) recognised at mark-to-market value under liabilities, the fair value of which is determined as the difference between the fair value of the hybrid contract and the fair value of the liability component. Further changes in the fair value of this derivative are recognised in financial income (expense) under a separate item called "Change in the fair value of the ORNANE derivative", as shown in the related note on financial income (expense).

1.22 - Derivative financial instruments

Amounts due to credit institutions offering variable interest rates, the Pierre & Vacances-Center Parcs Group hedges its future interest expense by using derivative financial instruments such as interest rate swaps. The Group's policy is to reduce its exposure to interest rate fluctuations.

These risks are managed centrally, allowing the Group to define the main hedging guidelines. The positions are traded over the counter with first class banking counter parties.

Hedge accounting applies if:

- the hedging relationship is clearly documented at the date it is implemented; and
- the effectiveness of the hedging relationship is demonstrated prospectively and retrospectively at each reporting date.

Derivative financial instruments are reported in the statement of financial position at their fair value. The market value is established on the basis of market data and is confirmed by stock market prices provided by financial institutions.

The changes in the fair value of the instruments acquired to hedge certain liabilities are recognised directly in other comprehensive income (loss) for the effective portion of the hedge and, in the absence of a hedging relationship or for the ineffective portion of the hedge, the changes in the value of the derivative financial instruments are reported in net financial income (expenses).

1.23 - Deferred tax

All temporary differences existing at the reporting date between the carrying amounts of the asset and liability items and the amounts of those same items for tax purposes are recorded as deferred taxes and calculated using the liability method. Deferred taxes on temporary differences and losses carried forward are calculated at approved and quasi-adopted rates that will apply on the probable date of reversal of the differences concerned, if these are fixed, or, failing this, at tax rates approved at the reporting date. The effects of tax rate changes are recorded in profit (loss) for the year during which the rate change is made.

Deferred tax benefits arising from tax losses that can be carried forward are not reported as deferred tax assets unless there is a high likelihood that they will be used within a reasonable period of time.

The tax expense is recognised in profit (loss) except for tax relating to items recognised in other comprehensive income or loss that is recorded directly in other comprehensive income or loss.

Deferred tax assets and liabilities, irrespective of their due date, are not discounted and are off set when they relate to a single tax entity.

1.24 - Deferred income

Deferred income is income that is received or recorded before the underlying services have been performed or the underlying goods have been delivered.

This line item mainly includes:

- sales signed in the presence of a notary for property not yet delivered, for the proportion exceeding the revenue calculated by the percentage of completion method;
- "support funds". Specifically, the "Financial ownership" and "Ownership & Holidays" sales programmes involve the sale of property to owners, accompanied by the Group undertaking to pay an annual rent proportional to the sale price of the property. When the rent commitments are greater than market rates at the time of the sale, the excess rent, called "support funds" is recognised as a reduction in the selling price of the property. In this way, the excess portion of the property development margin is recorded in deferred income and, after the property is delivered, is recognised in profit or loss using a straight-line method over the lease term.

1.25 - Revenue

Consolidated revenue comprises:

- **tourism:** the pre-tax value of holidays and related income earned during the financial year, as well as fees due as part of its marketing activity. For residences run under management agreements, only management fees invoiced to the customer are included in revenue. Revenue for the part of Center Parcs' catering and food trade business, which is outsourced, includes royalties from the service providers;
- **property development:**
  - property sales generated by the property development business and recognised according to the percentage of completion method (see Note 1.26 – Revenue recognition method – Property development) less, on the date the apartments are delivered, the "support funds" (see Note 1.24 – Deferred income). The amount is initially recorded in deferred income and then gradually recognised in revenue using the straight-line method over the term of the lease,
  - project management fees billed as the work progresses to property development programmes,
  - marketing fees.

All revenue is valued at the fair value of the consideration received or to be received, net of rebates, discounts and allowances, VAT and other taxes. Services are recognised when rendered.

1.26 - Revenue recognition method – Property development

Our property development business is mainly based on off-plan sales contracts (VEFA) through which the seller immediately transfers the land rights to the buyer, as well as ownership of the existing buildings. Future construction works become the property of the buyer as and when the work is completed. The costs incurred or future costs and the income from ordinary activities can be reliably measured.

In this case, the buyer has very limited influence over the design of the property.

Accordingly, the risks and advantages corresponding to the ownership of the work in progress are transferred as the work is completed; revenue and margins on property development programmes are reported using the percentage of completion method. In order to apply the percentage of completion method, the Group has defined the rate of completion by multiplying the percentage of construction progress, i.e. the cost of the work completed in relation to the cost of the work budgeted, by the percentage of revenue from property sales signed at a notary's office.

For ongoing programmes that are not yet delivered, when the situation on completion is a loss, a provision for losses on completion, taking account of the most likely assumptions, is immediately reported.

In addition, as part of the Center Parcs renovation projects, the Group recognises income associated with the provision of support services for the resale of property assets to new institutional investors under "Other income". These services are recognised when the contract of sale for the property assets in question is signed.

1.27 - Employee expenses

Employee expenses include all the payments and commitments made by the Group, including employee profit-sharing and the expenses associated with share-based payments.

They also include the Competitiveness and Jobs Tax Credit introduced by the 3rd amended finance act for 2012, effective from 1 January 2013. This measure introduces a 4% tax credit calculated per calendar year on remuneration below or equal to 2.5 times the minimum wage paid from 1 January 2013; this was increased to 6% from 1 January 2014, then to 7% from 1 January 2017. Accrued income is recognised for corresponding remuneration expenses commitment less employee expenses.

1.28 - Operating profit (loss)

Operating profit (loss) includes all income and expense directly relating to the Group's activities, whether this income and expense is recurring or whether it is the result of non-recurring decisions or operations.

Current operating profit (loss) is an intermediate line item intended to make it easier to understand the company's operating performance and its comparability from one period to another.

Other operating income and expenses are reported in accordance with the AMF guidelines. Only events that, due to their frequency, amount or nature, are likely to affect the relevance of the monitoring of the Group's operating performances, are presented. This item includes gains and losses on disposals of non-current assets, impairment losses on property, plant and equipment, and intangible assets, restructuring expenses and expenses related to legal proceedings, which are material to the Group.

1.29 - Income tax

Income tax expense or benefit includes both current tax, the corporate value-added tax (cotisation sur la valeur ajoutée des entreprises or CVAE) and deferred tax resulting from temporary differences and consolidation adjustments, where justified by the tax position of the Group's companies.

France's 2010 budget, approved in December 2009, introduced a regional economic tax (contribution économique territoriale or CET) to replace business tax (taxe professionnelle or TP). The CET has two components: the corporate real estate tax (contribution foncière des entreprises or CFE) and the corporate value-added tax (CVAE). The CFE, the extent of which depends on the rental value of property liable for real estate tax, is very similar to business tax and can hence be likened to an operating expense for accounting purposes. The CVAE is based on the added value shown in the parent company financial statements and has a number of characteristics similar to income tax with respect to IAS 12.

Following the advice of the French National Accounting Board (Conseil National de la Comptabilité) issued on 14 January 2010, the Group decided to treat the CVAE as an income tax expense.

1.30 - Earnings per share

Earnings per share are calculated by dividing profit (loss) attributable to the owners of the Company by the weighted average number of shares outstanding during the financial year, less the Pierre et Vacances treasury shares recorded as a reduction in equity. The average number of shares outstanding during the financial year is the number of ordinary shares outstanding at the beginning of the financial year, adjusted by the number of ordinary shares repurchased or issued during the year.

To calculate diluted earnings, profit (loss) for the year attributable to the owners of the Company and the weighted average number of shares are adjusted to take account of the maximum impact of the conversion of dilutive instruments into ordinary shares. The impact of any possible future share issue including those resulting from the conversion of instruments that give deferred access to the share capital of the parent company is therefore factored into the calculation of earnings per share.

The negative impact linked to the existence of instruments with an equity component is calculated by taking into account all dilutive instruments issued, whatever their maturity and regardless of the probability of conversion to ordinary shares, excluding instruments with a relutive effect.

For the years disclosed, the existing dilutive instruments include share options and bonus share grants. The accretive effects of share options are calculated according to the "share buyback" method by which the funds that will be collected when the option is exercised or the vested shares are purchased are considered to be assigned primarily to repurchasing Pierre et Vacances shares at the market price.

Note 2 Highlights of the financial year and scope of consolidation

2.1 - Highlights for the 2016/2017 financial year

Pierre & Vacances-Center Parcs Group's fiftieth anniversary celebration

Created in 1967 by its Chairman-CEO, Gérard Brémond, the Pierre & Vacances-Center Parcs Group celebrated its 50th anniversary this year. Numerous events were organised with the Group's customers, its various partners and its 12,000 staff members.

The Group is the leader in tourism residences and resorts in Europe. This position adds weight to both its brands and its business model, internationalised to respond to changes in economic, technologic and societal conditions.

Development of the tourism offering

Villages Nature® Paris

On 10 October 2017, the Euro Disney S.C.A. and Pierre & Vacances-Center Parcs groups inaugurated Villages Nature® Paris, the first European eco-tourism destination located 32km away from Paris and 6km away from Disneyland® Paris.

The first development covering 120 hectares comprises 868 apartments and cottages and five recreational universes for discovery and relaxation (the Aqualagon, the Lakeside Promenade, the Extraordinary Gardens, the BelleVie Farm, the Legendary Forest).

The next phase will be the building of around 250 additional cottages.

Expansion of the Center Parcs Domaine des Trois Forêts in Moselle

On 20 October 2017, the Group inaugurated 141 new cottages at the Domain des Trois Forêts, as well as the "Forest Lodge" welcome and reception area and Ze Place, offering original sports activities.

The Domain des Trois Forêts is also developing its wellness offer with a Deep Nature® spa which is due to open in autumn 2018.

Center Parcs Roybon project (Isère)

Plans to set up a Center Parcs village in the commune of Roybon in Isère met with opposition from certain associations. Opponents to this project filed appeals against prefectoral decrees signed in October 2014 authorising the project in terms of the "water law" and the "protected species law".

On 16 December 2016, the Court of Appeal of Lyon:

- confirmed the project's status as being "of major public interest" and upheld the prefectoral order authorising the project under the protected species derogation. This order is now final and can no longer be appealed by its opponents within the required time frames;
- confirmed the annulment of the prefectoral order issued under the water law, the compensatory measures in respect of wetlands impacted by the project, proposed by the Group, being deemed non-compliant with SDAGE guidelines [21].

On 20 February 2017, the Pierre & Vacances-Center Parcs Group lodged an appeal before the French Council of State (Conseil d'État) in relation to the disputed "water law". To date, this appeal has been submitted for preliminary investigation.

Development opportunities in China

The Pierre & Vacances-Center Parcs group signed :

- On 15 June 2017, agreements on the construction of two resorts inspired by Center Parcs in partnership with the HNA Tourism Group, of two residences developed by property developer Riverside, as well as a letter of intent concerning the development of a residence in the Thaiwoo ski station developed by *Chongli Thaiwoo Lifestyle Properties Co. Ltd*.;
- On 6 September 2017, an agreement on the construction of a residence in the Shanghai region in partnership with *Joyon* ;
- On 3 November 2017, an agreement on the construction of a resort in the Shanghai-Nanjing region in partnership with *Huijin Holding* ;
- On 20 November 2017, an agreement on the construction of the residence in the Thaiwoo ski station.

These projects are due to open from 2019/2020.

Early conversion of ORNANE [22]

As of 28 November 2017, 1,647,063 ORNANE issued in February 2014 have been the subject of early conversion requests (out of an initial issue of 3,157,606 securities). The Group has chosen to redeem these bonds in cash [23].

On 30 September 2017, redemptions made correspond to 959,070 ORNANE.

2.2 - Main changes in the scope of consolidation

Main changes in the scope of consolidation for the 2016/2017 financial year

Disposal of the German company Center Parcs Allgaü

On 27 October 2016, as part of the Center Parcs Allgaü development project, the Dutch subsidiary CP Participations BV sold 23,500 shares in Center Parcs Allgaü Gmbh, the company that owns the site of the future domain, to a Eurosic Group entity. This sale, with no net impact on the income statement, made it possible for the Group to reduce its debt by €7,030,000 and to dispose of inventories in the amount of €6,423,000.

Disposal of the English company, W2IM

On 18 October 2016, the PVCP Group disposed of 90% of its shares in the English company Worldwide Invest Management Ltd for £1. This transaction generated an operating loss of €388,000, included under "Other operating expenses" for the 2016/2017 financial year.

Disposal of the Moroccan company SDRT Immo

On 6 September 2017, PV Maroc sold its equity investment in SDRT Immo to Caisse des Dépôts du Maroc. This transaction generated a gain of €491,000, included under "Other operating expenses" for the 2016/2017 financial year.

Other changes during the 2016/2017 financial year

In addition, during the 2016/2017 financial year, the Group continued its policy of rationalising and simplifying operations and legal organisations by creating new companies or making internal changes of scope (mergers and liquidations of companies through the transfer of all assets and liabilities).

Main changes in the scope of consolidation for the 2015/2016 financial year

On 13 April 2016, the Pierre & Vacances-Center Parcs Group acquired a 100% equity interest in the company, "La France du Nord au Sud", over which it has had exclusive control since that date. Consequently, this subsidiary has been fully consolidated since the date of the takeover.

Since this acquisition had no material impact on the Group's consolidated financial statements, comparative pro forma data has not been produced for said statements.

The Group measured the fair value of the assets and liabilities acquired, primarily resulting in the recognition of intangible assets comprising technology developed in-house by the target company. Since the acquisition date was very close to the end of the target company's half-year reporting period, and in the absence of any significant events between this date and the acquisition date (13 April 2016), the Pierre & Vacances-Center Parcs Group measured the assets and liabilities acquired on the basis of the data at 1 April 2016.

(21) Water Development and Management Master Plan.

(22) Bonds convertible and/or exchangeable into new or existing shares.

(23) Redemption based on the average Pierre et Vacances share price during the 20 trading days after the date on which the Group decided on the conversion procedures.

Identifiable assets and liabilities acquired are presented as follows:

(in € thousands)	**Net amount carrying amount before business combination**	**Adjustment to fair value**	**Fair value**
Net liabilities acquired at 1 April 2016			
Intangible assets	1	800	801
Property, plant, and equipment	38		38
Financial assets	383		383
Trade receivables	994		994
Other current assets	31		31
Cash and cash equivalents	2,454		2,454
Provisions for risks and charges (current and non-current)	-15	-131	-146
Deferred tax liabilities	0	-230	-230
Other non-current liabilities	-2		-2
Trade payables	-3,410		-3,410
Other financial liabilities	-1,913		-1,913
TOTAL NET LIABILITIES ACQUIRED	**-1,439**	**439**	**-1,000**
Acquisition cost			4,804
TOTAL ACQUISITION COSTS			**4,804**
Goodwill			5,804

The relative impact of the acquisitions of subsidiaries mentioned in the Consolidated Statement of Cash Flows (net disbursement of €2,350,000) breaks down as the price paid for the acquisition of company shares (€4,804,000), less cash acquired on the date when control was taken (€2,454,000).

In addition, on the basis of the annual financial statements closed on 30 September 2015, the Company's total balance sheet assets stood at €4.4 million and the volume of business managed over 12 months at €25 million.

Other changes during the 2015/2016 financial year

In addition, during the 2015/2016 financial year, the Group continued its policy of rationalising and simplifying operations and legal organisations by creating new companies or making internal changes of scope (mergers and liquidations of companies through the transfer of all assets and liabilities).

2.3 - Main consolidated entities

French entities

Legal form	Company	Method of consolidation[1]	% interest at 30/09/2017	% interest at 30/09/2016
Holding companies				
SA	Pierre & Vacances	Parent company	100.00%	100.00%
SNC	Pierre & Vacances FI	FC	100.00%	100.00%
GIE	PV-CP Services	FC	100.00%	100.00%
Tourism France				
SA	Pierre & Vacances Tourisme Europe	FC	100.00%	100.00%
Center Parcs				
SAS	Center Parcs Holding Belgique	FC	100.00%	100.00%
Property development				
SAS	PV-CP Immobilier Holding SAS	FC	100.00%	100.00%
SAS	Pierre & Vacances Senioriales Programme Immobilier	FC	100.00%	100.00%
SARL	Pierre & Vacances Transactions	FC	100.00%	100.00%
China				
BV	PV-CP China Holding B.V.	FC	100.00%	100.00%
Limited liability company	PVCP China Company Limited	FC	100.00%	100.00%
Limited liability company	PVCP China Real Estate Brokerage Company Limited	FC	100.00%	100.00%
Limited liability company	HNA PV Tourism Company Limited	EA	40.00%	40.00%
Tourism business				
Tourism France				
SARL	Clubhotel	FC	100.00%	100.00%
SASU	La France du Nord au Sud	FC	100.00%	100.00%
SA	Clubhotel Multivacances	FC	100.00%	100.00%
SNC	Commerce Patrimoine Cap Esterel	FC	100.00%	100.00%
SA	Compagnie Hôtelière Pierre & Vacances	FC	100.00%	100.00%
SAS	Holding Rénovation Tourisme	N/A	0.00%	0.00%
SNC	NLD	N/A	0.00%	0.00%
SAS	Orion	FC	100.00%	100.00%
SAS	Pierre & Vacances Esterel Développement	FC	100.00%	100.00%
SA	PV-CP Distribution	FC	100.00%	100.00%
SAS	Pierre & Vacances Rénovation Tourisme	FC	100.00%	100.00%
SAS	PV-CP City	FC	100.00%	100.00%
SAS	PV-CP Holding Exploitation	FC	100.00%	100.00%
SAS	PV-CP Gestion Exploitation	FC	100.00%	100.00%
SAS	PV Résidences & Resorts France	FC	100.00%	100.00%
SAS	SET Pierre & Vacances Guadeloupe	FC	100.00%	100.00%
SAS	SET Pierre & Vacances Martinique	FC	100.00%	100.00%
SARL	SGRT	FC	100.00%	100.00%
SNC	SICE	FC	100.00%	100.00%
SARL	Société de Gestion des Mandats	FC	100.00%	100.00%
SNC	Société Hôtelière de l'Anse à la Barque	FC	100.00%	100.00%
SA	Sogire	FC	100.00%	100.00%
Adagio				
SAS	Adagio	EA	50.00%	50.00%
SAS	Adagio Formations & Prestation de Services	EA	50.00%	50.00%
Center Parcs				
SAS	Center Parcs Resorts France	FC	100.00%	100.00%
SNC	Domaine du Lac d'Ailette	FC	100.00%	100.00%

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Legal form	Company	Method of consolidation[1]	% interest at 30/09/2017	% interest at 30/09/2016
Property development				
Property dev. France				
SNC	Biarritz Loisirs	FC	100.00%	100.00%
SNC	Belle Dune Village	FC	100.00%	100.00%
SNC	Bois de la Mothe Chandenier Cottages	FC	100.00%	100.00%
SNC	Bois de la Mothe Chandenier Équipements	FC	100.00%	100.00%
SNC	Bois de la Mothe Chandenier Foncière	FC	100.00%	100.00%
SNC	Caen Meslin Loisirs	EA	40.00%	40.00%
SNC	Chamonix Loisirs	FC	100.00%	100.00%
SNC	Chaumont Cottages	FC	100.00%	100.00%
SNC	Colmar Loisirs	FC	100.00%	100.00%
SARL	Cobim	N/A	0.00%	0.00%
SNC	Dhuizon Loisirs	FC	100.00%	100.00%
SNC	Flaine Montsoleil Centre	FC	100.00%	100.00%
SNC	Flaine Montsoleil Extension	FC	100.00%	100.00%
SCI	Les Senioriales Boulou	FC	100.00%	100.00%
SCI	Les Senioriales Charleval	FC	100.00%	100.00%
SCI	Les Senioriales de Bassan	FC	100.00%	100.00%
SCI	Les Senioriales de Bracieux	FC	100.00%	100.00%
SCI	Les Senioriales de Cavillargues	FC	100.00%	100.00%
SCI	Les Senioriales de Cevennes – St Privat des Vieux	FC	100.00%	100.00%
SCI	Les Senioriales de Gonfaron	FC	100.00%	100.00%
SCI	Les Senioriales d'Izon	FC	100.00%	100.00%
SCI	Les Senioriales de Jonquières	FC	100.00%	100.00%
SCI	Les Senioriales de Juvignac	FC	100.00%	100.00%
SCI	Les Senioriales de la Celle	FC	100.00%	100.00%
SCI	Les Senioriales de la Côte d'Azur – Grasse	FC	100.00%	100.00%
SCI	Les Senioriales de Medis	FC	100.00%	100.00%
SCI	Les Senioriales de Montagnac	FC	100.00%	100.00%
SCI	Les Senioriales de Nandy	FC	100.00%	100.00%
SCI	Les Senioriales de Paradou	FC	100.00%	100.00%
SCI	Les Senioriales de Pont Aven	FC	100.00%	100.00%
SCI	Les Senioriales de Pringy	FC	100.00%	100.00%
SCI	Les Senioriales de Rambouillet	FC	100.00%	100.00%
SCI	Les Senioriales de Soulac	FC	100.00%	100.00%
SCI	Les Senioriales de Vias	FC	100.00%	100.00%
SCI	Les Senioriales des Landes – Hinx	FC	100.00%	100.00%
SCI	Les Senioriales en Ville Cenon	FC	100.00%	100.00%
SCI	Les Senioriales en Ville de Luce	FC	100.00%	100.00%
SCI	Les Senioriales en Ville de Marseille – St Loup	FC	100.00%	100.00%
SCI	Les Senioriales en Ville de Saint Avertin	FC	100.00%	100.00%
SCI	Les Senioriales en Ville d'Emerainville	FC	100.00%	100.00%
SCI	Les Senioriales en Ville Manosque	FC	100.00%	100.00%
SCI	Les Senioriales en Ville de Mions	FC	100.00%	100.00%
SCI	Les Senioriales de Pollestres	FC	100.00%	100.00%
SCI	Les Senioriales Ville de Nîmes	FC	100.00%	100.00%
SCI	SCI Les Senioriales Ville de Castanet	EA	50.00%	50.00%
SNC	Les Senioriales Ville de Dijon	FC	100.00%	100.00%
SNC	Les Senioriales Ville de Tourcoing	EA	50.00%	50.00%
SCI	Les Senioriales du Pornic	FC	100.00%	100.00%
SCI	Les Senioriales Ville de St-Étienne	FC	100.00%	100.00%
SCI	Les Senioriales Ville de Soustons	FC	100.00%	100.00%
SCI	Les Senioriales Ville de Rillieux la Pape	FC	100.00%	100.00%

Legal form	Company	Method of consolidation(1)	% interest at 30/09/2017	% interest at 30/09/2016
SCCV	Les Senioriales en Ville de Pessac	FC	100.00%	0.00%
SCCV	Les Senioriales en Ville du Teich	FC	100.00%	0.00%
SCCV	Les Senioriales en Ville de La Rochelle la Pallice	FC	100.00%	0.00%
SCCV	Les Senioriales en Ville de Cavaillon	FC	100.00%	0.00%
SCI	SCI Les Senioriales de Pourrières	FC	100.00%	100.00%
SCCV	Les Senioriales de Mordelles	FC	100.00%	100.00%
SNC	Les Senioriales en ville de Saint Palais	FC	100.00%	100.00%
SCCV	Les Senioriales en Ville de Noisy Le Grand	FC	100.00%	100.00%
SNC	Les Senioriales en Ville de Sannois	FC	100.00%	100.00%
SCCV	SCCV Toulouse Ponts Jumeaux A1	EA	50.00%	50.00%
SCCV	SCCV Palaiseau RT	EA	50.00%	50.00%
SAS	Les Villages Nature de Val d'Europe	EA	50.00%	50.00%
SCI	Montrouge Développement	EA	50.00%	50.00%
SCCV	Nantes Russeil	EA	50.00%	50.00%
SARL	Peterhof II	FC	100.00%	100.00%
SA	Pierre et Vacances SA PV-CP Conseil Immobilier	FC	100.00%	100.00%
SARL	Pierre & Vacances Courtage	FC	100.00%	100.00%
SA	Pierre & Vacances Développement	FC	100.00%	100.00%
SAS	Pierre & Vacances Senioriales Promotion et Commercialisation	FC	100.00%	100.00%
SAS	Pierre & Vacances Senioriales Exploitation	FC	100.00%	100.00%
SNC	Presqu'île de La Touques	FC	100.00%	100.00%
SAS	Foncière Presqu'île de La Touques	EA	50.00%	50.00%
SNC	CP Centre Est	FC	100.00%	100.00%
SAS	Tourisme et Rénovation	FC	100.00%	100.00%
SNC	Villages Nature Hébergements	EA	50.00%	50.00%
SNC	SNC Villages Nature Hébergements II	EA	50.00%	50.00%
SNC	SNC Villages Nature Équipements I	EA	50.00%	50.00%
SNC	SNC Villages Nature Équipements II	EA	50.00%	50.00%
SNC	Nature hébergement I	EA	37.50%	37.50%
SARL	Villages Nature Management	EA	50.00%	50.00%
Center Parcs				
SNC	Ailette Équipement	FC	100.00%	100.00%
SNC	Bois des Harcholins Foncière	FC	100.00%	100.00%
SNC	Bois des Harcholins Spa	FC	100.00%	100.00%
SNC	Bois des Harcholins Village	FC	100.00%	100.00%
SNC	Bois des Harcholins Village II	FC	100.00%	100.00%
SNC	Bois Francs Foncière	FC	100.00%	100.00%
SNC	Roybon Cottages	FC	100.00%	100.00%
SNC	Roybon Équipements	FC	100.00%	100.00%
Other				
SAS	Pierre & Vacances Investissement 24	FC	100.00%	100.00%
SAS	Pierre & Vacances Marques	FC	100.00%	100.00%

(1) FC: full consolidation EA: equity accounted N/A: not applicable.

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Foreign companies

Legal Form	Company	Country	Method of consolidation[1]	% interest at 30/09/2017	% interest at 30/09/2016
Holding companies					
Center Parcs					
NV	Center Parcs France	The Netherlands	FC	100.00%	100.00%
GmbH	Center Parcs Deutschland Kunden-Center	Germany	FC	100.00%	100.00%
GmbH	Center Parcs Germany	Germany	FC	100.00%	100.00%
BV	Center Parcs Germany Holding	The Netherlands	FC	100.00%	100.00%
GmbH	Center Parcs Medebach Beteiligungs	Germany	FC	100.00%	100.00%
BV	Center Parcs NL Holding	The Netherlands	FC	100.00%	100.00%
BV	Center Parcs ParticMEEations	The Netherlands	FC	100.00%	100.00%
GmbH & Co.KG	Center Parcs Service	Germany	FC	100.00%	100.00%
BV	Center Parcs Sunparks	The Netherlands	FC	100.00%	100.00%
GmbH	Pierre & Vacances-Center Parcs Suisse	Switzerland	FC	100.00%	100.00%
BV	PVCP Support Services	The Netherlands	FC	100.00%	100.00%
GmbH	PVCP Holding Germany GmbH	Germany	FC	100.00%	100.00%
Tourism business					
Center Parcs					
NV	Center Parcs Belgie	Belgium	FC	100.00%	100.00%
GmbH	Center Parcs Bungalowpark Allgau	Germany	FC	100.00%	100.00%
GmbH	Center Parcs Bungalowpark Bispingen	Germany	FC	100.00%	100.00%
GmbH	Center Parcs Bungalowpark Bostalsee	Germany	FC	100.00%	100.00%
GmbH	Center Parcs Entwickelungsgesellschaft	Germany	FC	100.00%	100.00%
GmbH	Center Parcs Bungalowpark Heilbachsee	Germany	FC	100.00%	100.00%
GmbH	Center Parcs Bungalowpark Hochsauerland	Germany	FC	100.00%	100.00%
GmbH	Center Parcs Leisure Deutschland	Germany	FC	100.00%	100.00%
NV	Center Parcs Netherlands	The Netherlands	FC	100.00%	100.00%
NV	CP SP België	Belgium	FC	100.00%	100.00%
GmbH	Sunparks Bungalowpark Nordseeküste	Germany	FC	100.00%	100.00%
SA	Foncière Loisirs Vielsalm	Belgium	EA	19.64%	100.00%
NV	Center Parcs Ardennen	Belgium	FC	100.00%	100.00%
NV	Sunparks Vielsalm	Belgium	FC	100.00%	100.00%
NV	Sunparks Leisure	Belgium	FC	100.00%	100.00%
Villages Nature					
SAS	Villages Nature Tourisme	France	EA	50.00%	50.00%
Adagio					
GmbH	Adagio Deutschland	Germany	EA	50.00%	50.00%
Ltd	Adagio Hotels UK	UK	EA	50.00%	50.00%
GmbH	New City Aparthotels Betriebs	Austria	EA	50.00%	50.00%
SARL	New City Suisse	Switzerland	EA	50.00%	50.00%
Srl	Adagio Italia	Italy	EA	50.00%	50.00%
SA	Pierre & Vacances Exploitation Belgique	Belgium	FC	100.00%	100.00%
Orion					
SA	Orion Exploitation Bruxelles Belliard	Belgium	N/A	0.00%	0.00%
SL	SET Orion	Spain	FC	100.00%	100.00%
Other tourism					
Srl	Part House	Italy	EA	55.00%	55.00%
Srl	Pierre & Vacances Italia	Italy	FC	100.00%	100.00%
Ltd	Worldwide Invest Management	UK	N/A	10.00%	90.00%
Ltd	P&V Sales & Marketing UK	UK	FC	100.00%	100.00%
SL	Pierre & Vacances Maeva Distribution España	Spain	FC	100.00%	100.00%
SL	SET Pierre & Vacances España	Spain	FC	100.00%	100.00%

Legal Form	Company	Country	Method of consolidation(1)	% interest at 30/09/2017	% interest at 30/09/2016
Property development					
SL	Bonavista de Bonmont	Spain	FC	100.00%	100.00%
SL	Pierre & Vacances Développement España	Spain	FC	100.00%	100.00%
SL	Pierre & Vacances Inversion Inmobiliaria	Spain	FC	100.00%	100.00%
Srl	Résidence City	Italy	FC	100.00%	100.00%
SA	SDRT Immo	Morocco	N/A	0.00%	25.00%
Other					
GmbH	Center Parcs Entwicklungsgesellschaft Ferienhauspark Bostalsee	Germany	FC	90.00%	90.00%
GmbH	Pierre & Vacances-Center Parcs Immobilien	Germany	FC	100.00%	100.00%
BV	Center Parcs Netherlands 2	The Netherlands	FC	100.00%	100.00%
BV	Multi Resorts Holding	The Netherlands	FC	100.00%	100.00%
BV	Center Parcs Development	The Netherlands	FC	100.00%	100.00%
BV	Pierre & Vacances-Center Parcs Vastgoed	The Netherlands	FC	100.00%	100.00%
SAS	Pierre & Vacances Maroc	Morocco	FC	100.00%	100.00%

(1) FC: full consolidation EA: equity accounted N/A: not applicable.

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Segment information

Based on the internal organisation of the Group, the segment information shows the tourism business and the property development business. This breakdown reflects the operational organisation of the Group in terms of management and control of operations.

The Group develops its activities through two complementary business lines:

- the property development segment, which aims to increase the holiday destinations available and adapt the existing residences and villages to suit changes in customer requirements. This segment includes the construction activities and the marketing to individual investors of hotel rooms, apartments and new or renovated houses. The property development programmes currently available are mainly located in France and Germany. Programmes relating to the renovation of tourism assets operated under the Center Parcs and Sunparks brands are also in the process of being developed in the Netherlands, Germany and Belgium. This segment also includes the development of the Les Senioriales, specialising in building and marketing residences in France and aimed at a customer base of active seniors;
- the tourism segment called "Tourisme Europe", which includes the operation of residences and villages marketed under the Pierre & Vacances, Adagio, Center Parcs and Sunparks brands, located in Europe, mainly France, the Netherlands, Germany, Belgium, Spain and, to a lesser extent, Croatia.

Within each business segment, there is a country-based organisation that runs the activities from day-to-day. Revenue and total non-current assets in France, where the registered office of the parent company is located, amounted to €928,737,000 and €476,295,000, respectively.

Inter-segment revenue is generated under normal market conditions. No single customer represents a significant share of the revenue of the Pierre & Vacances-Center Parcs Group.

The unassigned assets include long-term investments, other assets of a financial nature, current and deferred tax receivables and non-current assets.

The unassigned liabilities include bank borrowings and current and deferred tax payables.

Note 3 Operating segment information

Since 1 October 2014, in application of IFRS 11, the Pierre & Vacances-Center Parcs Group has consolidated all companies in which it exercises joint control with partners using the equity method. These entities were previously consolidated using the proportionate consolidation method.

This change affects all financial statement items but has no impact on the profit (loss) for the period.

In addition, the Pierre & Vacances-Center Parcs Group continues to apply the proportionate consolidation method in its internal operational reporting, since this allows for better assessment of the Group's economic performance and key indicators.

This is why the Group continues to use the proportionate consolidation method when publishing the segment information contained in the notes to the consolidated financial statements, as well as for the management report which also includes an IFRS income statement reconciliation table.

The impact of the application of IFRS 11 is also shown on the right hand side of the table shown below, enabling it to be linked with the data published in the consolidated financial statements.

	2016/2017					
(in € thousands)	Tourism business	Property development	Unassigned	Total operational reporting*	Impact of IFRS 11	Total
Revenue	1,330,297	219,491	-	1,549,788	-83,174	1,466,614
Intra-business group revenue	-27,681	-15,828	-	-43,509	2,205	-41,304
External revenue	**1,302,616**	**203,663**	**0**	**1,506,279**	**-80,970**	**1,425,309**
Operating profit (loss) from ordinary activities	**24,271**	**-11,905**	**0**	**12,366**	**31,881**	**44,247**
Other operating income and expenses	-3,774	-948	-2,734	-7,456	1,296	-6,160
Operating profit (loss)	**20,497**	**-12,853**	**-2,734**	**4,910**	**33,177**	**38,087**
Depreciation and amortisation	**-42,845**	**-287**	**0**	**-43,132**	**873**	**-42,259**
Asset impairment losses net of write-backs	-34	0	0	-34	34	0
Property, plant and equipment, and intangible assets	**28,087**	**243**	**7,614**	**35,944**	**-1,203**	**34,741**
Non-current assets	525,275	37,334	155,590	718,199	-37,621	680,578
Current assets	258,050	461,396	145,852	865,298	-57,527	807,771
TOTAL ASSETS	**783,325**	**498,730**	**301,441**	**1,583,496**	**-95,147**	**1,488,349**
Non-current liabilities	23,598	11,432	311,318	346,348	-4,959	341,389
Current liabilities	526,326	288,004	96,642	910,972	-90,890	820,082
TOTAL LIABILITIES EXCLUDING EQUITY	**549,924**	**299,436**	**407,961**	**1,257,321**	**-95,850**	**1,161,471**

* *The data are shown before the impact of the adoption of IFRS 11, in accordance with the operational reporting followed by the Group.*

	2015/2016					
(in € thousands)	Tourism business	Property development	Unassigned	Total operational reporting*	Impact of IFRS 11	Total
Revenue	1,280,080	197,438	-	1,477,518	-51,880	1,425,638
Intra-business group revenue	-26,704	-26,594	-	-53,298	284	-53,014
External revenue	**1,253,376**	**170,844**	**0**	**1,424,220**	**-51,596**	**1,372,624**
Operating profit (loss) from ordinary activities	**25,083**	**7,270**	**0**	**32,353**	**9,577**	**41,930**
Other operating income and expenses	-3,036	-1,317	-892	-5,245	824	-4,421
Operating profit (loss)	**22,047**	**5,953**	**-892**	**27,108**	**10,401**	**37,509**
Depreciation and amortisation	**-42,782**	**-306**	**0**	**-43,088**	**819**	**-42,269**
Impairment losses net of write-backs	17	0	0	17	0	17
Property, plant and equipment, and intangible assets	**26,377**	**4,469**	**6,940**	**37,786**	**-5,897**	**31,889**
Non-current assets	520,098	47,177	135,574	702,849	-24,327	678,522
Current assets	255,668	519,947	126,351	901,966	-125,847	776,119
Total assets	**775,766**	**567,124**	**261,925**	**1,604,815**	**-150,174**	**1,454,461**
Non-current liabilities	23,473	1,934	309,237	334,644	-15,758	318,886
Current liabilities	481,076	326,970	83,927	891,973	-135,133	756,840
TOTAL LIABILITIES EXCLUDING EQUITY	**504,549**	**328,904**	**393,163**	**1,226,616**	**-150,890**	**1,075,726**

* *The data are shown before the impact of the adoption of IFRS 11, in accordance with the operational reporting followed by the Group.*

Analysis of main financial position items

Note 4 Goodwill

(in € thousands)	30/09/2017	30/09/2016
Tourisme Europe	138,226	138,226
Les Senioriales	18,926	18,926
Pierre & Vacances Développement	1,463	1,463
Pierre & Vacances Développement España	336	336
TOTAL NET AMOUNT	**158,951**	**158,951**

Goodwill was automatically tested for impairment loss at 30 September 2017, according to the procedures described in Notes 1.9 and 6. The tests carried out did not reveal the need to recognise any impairment losses for the 2016/2017 financial year. The situation was the same at 30 September 2016.

Net amount at reporting date

(in € thousands)	30/09/2017	30/09/2016
Gross amount	181,640	181,640
Accumulated impairment loss	-22,689	-22,689
NET AMOUNT	**158,951**	**158,951**

Note 5 Intangible assets

(in € thousands)	Brand names	Other intangible assets	Total intangible assets
At 30 September 2015			
Gross amount	105,777	51,907	157,684
Accumulated depreciation, amortisation and impairment losses	-3,734	-34,143	-37,877
NET AMOUNT	**102,043**	**17,764**	**119,807**
Changes			
Acquisitions	-	9,281	9,281
Net disposals and retirements	-	-1,819	-1,819
First-time inclusion in the scope of consolidation (La France du Nord au Sud)	-	801	801
Depreciation		-5,597	-5,597
Reclassifications	-	-66	-66
TOTAL CHANGES FOR THE YEAR	**-**	**2,600**	**2,600**
At 30 September 2016			
Gross amount	105,777	59,916	165,693
Accumulated depreciation, amortisation and impairment losses	-3,734	-39,552	-43,286
NET AMOUNT	**102,043**	**20,364**	**122,407**
Changes			
Acquisitions	-	8,763	8,763
Net disposals and retirements	-	-2,478	-2,478
Depreciation	-	-6,469	-6,469
Reclassifications	-	-73	-73
TOTAL CHANGES FOR THE YEAR	**-**	**-257**	**-257**
At 30 September 2017			
Gross amount	105,777	65,569	171,346
Accumulated depreciation, amortisation and impairment losses	-3,734	-45,462	-49,196
NET AMOUNT	**102,043**	**20,107**	**122,150**

Intangible assets at 30 September 2017 consisted of:

- **"Brand names"** including:
  - €85,870,000 for the Center Parcs brand,
  - €7,472,000 for the Pierre & Vacances brand,
  - €3,279,000 for the Sunparks brand,
  - €3,236,000 for the Maeva brand,
  - €2,040,000 for the Les Senioriales brand,
  - €114,000 for the Multivacances brand,
  - and €32,000 for the Ecolidays brand.

  According to the method described in the accounting policies for intangible assets (Note 1.10 – "Intangible assets"), an impairment test was carried out at 30 September 2017 for each of the brand names on the statement of financial position. These tests did not lead the Group to recognise impairment losses on brand names for the 2016/2017 financial year;
- **"Other intangible assets"** in the amount of €20,107,000. The change is essentially due to:
  - €8,763,000 in capital investment, including technical and functional enhancements to:
    - Group websites (€2,223,000),
    - IT solutions developed by the Group (€2,029,000), server renewal (€374,000) and licences (€889,000),
    - the customer database (€1,045,000),
    - the development of new management solutions for owners and business conducted under management agreements with individual owners under the Maeva.com brand (€464,000),
    - Group financial services and human resources projects (€729,000),
    - miscellaneous IT projects costing €943,000, and the development of solutions for in-house sales teams (€67,000),
  - €2,478,000 in sales of IT solutions.

Finance leases

At 30 September 2017, the net amount of "Intangible assets" included €843,000 representing the restatement of such assets under finance leases, compared with €1,256,000 at 30 September 2016. The corresponding residual financial liability stood at €868,000 at 30 September 2017, compared with €1,305,000 at 30 September 2016 (see Note 18 – "Financial liabilities").

At 30 September 2017, the line item "Finance leases" primarily includes IT solutions.

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Note 6 Impairment testing of goodwill and intangible assets with indefinite useful lives

Brand names and goodwill are not amortised. They are subject to impairment testing whenever there is an indication that they may be impaired and at least once a year at the reporting date, namely at 30 September of each year.

As indicated in Note 1.9 – "Goodwill impairment tests" and Note 1.10 – "Intangible assets", and in the absence of a fair value less selling costs available at the reporting date, the recoverable value of the cash generating units (CGUs) is determined on the basis of their value in use.

The recoverable amount of each group of assets tested was therefore compared with its value in use, which is defined as being equal to the sum of the future net discounted cash flows.

Cash flows were based on five-year business plans prepared by the operating and finance managers of a CGU or CGU group whose main assumptions (average net selling prices, occupancy rates, inflation, etc.) were reviewed by the Group's Finance Department, according to the division's past performance and external macro-economic information in Europe. The assumptions used to estimate the value in use are based on forecast cash flows from operating activities, which are driven mainly by:

- change in revenue, which varies according to the offering, occupancy rates, average sales prices and the distribution strategy, within the context of upscaling tourism products;
- the implementation of plans to optimise operating costs and support functions;
- and finally, the selective lease renewal policy enabling, in particular, the lowering of the rent expense.

With respect to property development activities, and most particularly the Les Senioriales business, the assumptions used take into account projects already identified and data related to future projects. They relate to projects for which land has been identified and for which feasibility studies have already begun. Historically, these projects correspond to approximately ten developments per year, the average number of projects that this entity is capable of implementing in its current form.

Beyond this explicit projection period, cash flows are extrapolated by applying a perpetual growth rate, which was assumed to be in line with the long-term growth rate of the countries in which the businesses operate. The main assumptions used to determine the terminal value are based on historical and prospective data. The latter are prepared by the operational departments concerned, namely the Sales Department, in relation to occupancy rate and marketing, Pricing and Revenue Management for average sales prices, and Business Line for operating margins.

Lastly, the discount rate used in determining values in use justifying the carrying amount of the assets is based on the weighted average cost of the Group's capital. The latter is calculated from the rate of return on 10-year French government bonds and sectoral characteristics, primarily to assess the risk premium and the marginal borrowing cost.

Within each business segment, the CGU group used to assess the recoverable amount of the assets reflects the Group's activities in terms of financial reporting. Hence, the main CGUs of the Pierre & Vacances-Center Parcs Group, to which virtually all the goodwill and brand names on the statement of financial position relate, are:

- tourism: the Tourisme Europe CGU group which includes the operation and commercialisation of residences and villages in Europe, mainly in France, the Netherlands, Germany, Belgium and Spain;
- property development: primarily Les Senioriales CGU, which relates to the property development and marketing, in France, of residences targeting active senior citizens.

Analysis of the allocation of goodwill and brand names to the various CGUs thus identified at 30 September 2017 and 30 September 2016.

	30/09/2017			30/09/2016		
(in € thousands)	Goodwill	Brand	Total	Goodwill	Brand	Total
Tourisme Europe	138,226	100,003	238,229	138,226	100,003	238,229
Les Senioriales	18,926	2,040	20,966	18,926	2,040	20,966
Other CGU groups	1,799	-	1,799	1,799	-	1,799
TOTAL NET AMOUNT	**158,951**	**102,043**	**260,994**	**158,951**	**102,043**	**260,994**

The table below summarises the main assumptions used to estimate the value in use and the sensitivity of that recoverable value to changes in perpetual growth rate, discount rate and revenue indicators (such as occupancy rate and average selling rates) of the main CGUs and CGU groups that represent the majority of the goodwill and intangible assets with indefinite useful lives:

	"Tourisme Europe" CGU
Perpetual growth rate	**1.5%** (the same as at 30 September 2016)
Discount rate used	**8.5%** (the same as at 30 September 2016)
Sensitivity of the recoverable amount to the perpetual growth rate	A half-point increase and decrease in the perpetual growth rate has an impact of +7% and -6%, respectively, on the recoverable amount. This variation does not lead to the recognition of impairment losses.
Sensitivity of the recoverable amount to the discount rate	A one-point increase and decrease in the discount rate has an impact of -14% and +18%, respectively, on the recoverable amount. This variation does not lead to the recognition of impairment losses.
Sensitivity of the recoverable amount to the occupancy rate	A one-point increase and decrease in the occupancy rate has an impact of +9% and -9%, respectively, on the recoverable amount. This variation does not lead to the recognition of impairment losses.
Sensitivity of the recoverable amount to the average selling rate	A one-point increase and decrease in the average selling rate has an impact of +7% and -7%, respectively, on the recoverable amount. This variation does not lead to the recognition of impairment losses.
Sensitivity of the recoverable amount to the margin rate	A one-point increase and decrease in the margin rate has an impact of +9% and -9% respectively, on the recoverable amount. This variation does not lead to the recognition of impairment losses.

At 30 September 2017, sensitivity testing on the key assumptions detailed above did not lead to the recognition of impairment losses, since the useful value of the CGUs remains higher than their carrying amount.

The amount of goodwill and tangible and intangible assets allocated to the Tourisme Europe business does not have to be impaired as long as the occupancy rate does not drop more than 7.3%, the average selling rate more than 9.1% or the operating margin rate more than 7.6%.

For Les Senioriales, a 9.0% discount rate was used. The sensitivity tests on the assumptions of perpetual growth rate and discount rate yielded results, which were very close to, those obtained for the Tourisme Europe business.

Note 7 Property, plant and equipment

(in € thousands)	Land	Buildings	Fixtures and fittings	Other property, plant and equipment, and assets in progress	Total property, plant, and equipment
At 30 September 2015					
Gross amount	20,416	235,053	281,783	147,262	684,514
Accumulated depreciation, amortisation and impairment losses	-2,161	-96,835	-191,823	-108,537	-399,356
NET AMOUNT	**18,255**	**138,218**	**89,960**	**38,725**	**285,158**
Changes					
Acquisitions	532	6,128	10,625	5,323	22,608
Net disposals and retirements	-116	-247	-612	-225	-1,200
Fist-time inclusion in the sof consolidation (La France du Nord au Sud)	0	0	0	38	38
Depreciation	-539	-8,732	-20,053	-7,144	-36,468
Reclassifications	-68	1,460	804	-2,694	-498
TOTAL CHANGES FOR THE YEAR	**-191**	**-1,391**	**-9,236**	**-4,702**	**-15,520**
At 30 September 2016					
Gross amount	20,747	241,587	283,877	144,905	691,116
Accumulated depreciation, amortisation and impairment losses	-2,683	-104,760	-203,153	-110,882	-421,478
NET AMOUNT	**18,064**	**136,827**	**80,724**	**34,023**	**269,638**
Changes					
Acquisitions	281	1,555	9,152	14,990	25,978
Net disposals and retirements	-252	-89	-863	-192	-1,396
Depreciation	-560	-9,049	-18,695	-7,268	-35,572
Reclassifications	41	-390	605	-1,220	-964
TOTAL CHANGES FOR THE YEAR	**-490**	**-7,973**	**-9,801**	**6,310**	**-11,954**
At 30 September 2017					
Gross amount	20,744	240,003	278,673	154,421	693,841
Accumulated depreciation, amortisation and impairment losses	-3,170	-111,149	-207,751	-114,088	-436,158
NET AMOUNT	**17,574**	**128,854**	**70,922**	**40,333**	**257,683**

Property, plant and equipment items, with a total net carrying amount of €257,683,000 at 30 September 2017, essentially include the assets used in the operations of:

- **the Center Parcs and Sunparks villages,** with a net amount of €188,346,000 (€101,653,000 of which corresponding to finance leases for the central facilities at Domaine du Lac d'Ailette), mainly consisting of furniture and general fittings needed for operating the villages.

  The main changes for the year arose from:

  - investments of €17,171,000 for improving the product mix of all the Center Parcs villages, including €6,770,000 for the French villages, €6,150,000 for the Dutch villages, €2,252,000 for the Belgian villages and €1,999,000 for the German villages,
  - depreciation for the period of €24,488,000;

- **the Pierre & Vacances Tourisme Europe residences and villages,** for a net amount of €65,871,000. Property, plant and equipment mainly comprise general services, fittings and furniture needed for operating the sites.

  During the financial year, the operating companies invested €7,618,000, primarily to modernise existing sites.

  Depreciation for the period stood at €10,755,000.

Investment subsidies are shown as a reduction in the value of the asset for which they were received. At 30 September 2017, the Pierre & Vacances-Center Parcs Group had not recorded any significant amounts for investment subsidies.

Finance leases:

At 30 September 2017, the net amount of "Property, plant and equipment" included €103,261,000 representing the restatement of assets under finance leases, compared with €109,035,000 at 30 September 2016. The corresponding residual financial liability stood at €102,957,000 at 30 September 2017, compared with €105,500,000 at 30 September 2016 (see Note 18 – "Financial liabilities").

At 30 September 2017, the line item "Finance leases" primarily comprised the following property, plant and equipment items:

- the central facilities of the Domaine Center Parcs du Lac d'Ailette for €101,653,000; the corresponding financial liability amounted to €101,300,000.

Note 8 Equity-accounted investments

Under IFRS 11, the revenues and expenses, assets and liabilities of interests in associates or joint ventures are consolidated in the Group's consolidated financial statements using the equity method.

At 30 September 2017, the following companies were consolidated using the equity method:

- The entities comprising the Adagio Group (50%);
- The entities comprising the Villages Nature Group (50%, with the exception of SNC Nature Hébergements 1);
- SNC Nature Hébergements 1 (37.5%);
- SAS Foncière Presqu'île de la Touques (50%);
- La Financière Saint-Hubert SARL (55%);
- Les Senioriales Ville de Castanet (50%);
- Les Senioriales Ville de Tourcoing (50%);
- Les Senioriales Ville de Cesson Sevigné (50%);
- Part House SRL (55%);
- SCCV Nantes Russeil (50%);
- SNC Caen Meslin (40%);
- SCI Montrouge Développement (50%);
- HNA PV Tourism company limited (40%);
- SCCV Palaiseau RT (50%);
- SCCV Toulouse Pont Jumeaux A1 (50%).

(in € thousands)	30/09/2017	30/09/2016
Villages Nature	0	4,481
SDRT-Immo (Morocco)	0	2,256
HNA PV Tourism limited company	0	675
Adagio	5,207	2,525
Les Senioriales	1,013	682
Other joint ventures	618	204
NET VALUE OF EQUITY-ACCOUNTED INVESTMENTS	**6,838**	**10,823**

In addition, some joint ventures are negative contributors. These are primarily Villages Nature companies.

A provision for liabilities was recognised for these companies in the Group's consolidated financial statements. It amounts to €31,834,000 at 30 September 2017 and mainly corresponds to costs associated with the delivery and opening of different Villages Nature.

Summary of financial information for the main joint ventures

A summary of financial information (based on 100%) for each of the main joint ventures is shown below. These amounts are taken from the joint ventures' financial statements, prepared in accordance with IFRS and Pierre & Vacances-Center Parcs Group accounting principles and methods. The data are presented before eliminations of intragroup data.

2016/2017 income statement

Condensed income statement of joint ventures (data presented on 100% basis)	**Adagio**	**Villages Nature**	**Other**	
Revenue	80,591	114,633	34,743	
Purchases and external services	-49,488	-150,232	-32,269	
Employee expenses	-17,944	-6,003	0	
Depreciation, amortisation and impairment	-1,699	-30,338	0	
Other operating income and expenses from ordinary activities	-4,353	-929	34	
OPERATING PROFIT (LOSS) FROM ORDINARY ACTIVITIES	**7,107**	**-72,869**	**2,508**	
Other operating income and expenses	-67	-2,526	0	
OPERATING PROFIT (LOSS)	**7,040**	**-75,395**	**2,508**	
Costs of net financial debt	-146	-2,787	373	
Other financial income and expenses	390	3	-412	
FINANCIAL INCOME (EXPENSES)	**244**	**-2,784**	**-39**	
Tax expense	-1,915	2,609	-748	
PROFIT (LOSS) FOR THE YEAR (BASED ON 100%)	**5,369**	**-75,570**	**1,721**	
				TOTAL
Percentage shareholding (weighted average)	50%	50%	27%	
Group's share of profit (loss)	**2,685**	**-37,785**	**718**	**-34,382**

2015/2016 income statement

Condensed income statement of joint ventures (data presented on 100% basis)	Adagio	Villages Nature	Other	
Revenue	73,817	59,422	11,392	
Purchases and external services	-46,570	-59,049	-11,342	
Employee expenses	-18,677	-6,022	0	
Depreciation, amortisation and impairment	-2,101	-18,502	0	
Other operating income and expenses from ordinary activities	-469	-451	54	
OPERATING PROFIT (LOSS) FROM ORDINARY ACTIVITIES	**6,002**	**-24,602**	**672**	
Other operating income and expenses	-194	-1,489	0	
OPERATING PROFIT (LOSS)	**5,807**	**-26,091**	**672**	
Costs of net financial debt	-147	-34	395	
Other financial income and expenses	406	7	-437	
FINANCIAL INCOME (EXPENSES)	**258**	**-27**	**-43**	
Tax expense	-1,836	10,166	220	
PROFIT (LOSS) FOR THE YEAR (BASED ON 100%)	**4,230**	**-15,952**	**280**	
				TOTAL
Percentage shareholding (weighted average)	50%	49%	38%	
Group's share of profit (loss)	**2,115**	**-7,786**	**109**	**-5,562**

Statement of financial position at 30 September 2017 (financial data based on 100%)

Assets *(in € thousands)*	Adagio	Villages Nature	Other joint ventures
Non-current assets	27,455	44,128	-1,163
Current assets	48,617	307,486	39,223
TOTAL ASSETS	**76,072**	**351,614**	**38,060**

Liabilities *(in € thousands)*	Adagio	Villages Nature	Other joint ventures
Equity	**10,464**	**-62,475**	**426**
Non-current liabilities	3,102	69,708	15,577
Current liabilities	62,505	344,381	22,057
TOTAL EQUITY AND LIABILITIES	**76,072**	**351,614**	**38,060**

Statement of financial position at 30 September 2016 (financial data based on 100%)

Assets *(in € thousands)*	Adagio	Villages Nature	Other joint ventures
Non-current assets	26,949	32,651	9,038
Current assets	45,352	494,593	36,543
TOTAL ASSETS	**72,300**	**527,244**	**45,582**

Liabilities *(in € thousands)*	Adagio	Villages Nature	Other joint ventures
Equity	**5,050**	**11,759**	**11,029**
Non-current liabilities	3,204	63,084	11,247
Current liabilities	64,046	452,401	23,305
TOTAL EQUITY AND LIABILITIES	**72,300**	**527,244**	**45,582**

Note 9 Available-for-sale financial assets

(in € thousands)	30/09/2017	30/09/2016
Gross amount	1,629	1,631
Impairment losses	-	-
NET AMOUNT	**1,629**	**1,631**

"Available-for-sale financial assets" primarily represent the 10% equity interest held by Multi Resorts Holding BV for €1,552,000 in Gran Dorado Zandvoort BV, Gran Dorado Port Zélande BV and Medebach Park BV. On 18 July 2006, the Group was required to buy these shares when renegotiating the leases with the new owner of the land and buildings of these three Center Parcs villages.

The other "Available-for-sale financial assets" are equity interests in various companies in which the Pierre & Vacances-Center Parcs Group does not have a controlling interest and over which it does not exercise significant influence.

Note 10 Other non-current financial assets

(in € thousands)	30/09/2017	30/09/2016
Gross loans and other financial assets	44,975	25,964
Impairment losses	-525	-631
TOTAL	**44,450**	**25,333**

"Loans and other financial assets", whose net carrying amount at 30 September 2017 was €44,975,000, consist primarily of guarantee deposits paid to property owners and to lessors and suppliers. The change from the previous financial year was due to the reclassification over the financial year of "Other current assets" as "Other non-current financial assets".

Note 11 Inventories and work in progress

(in € thousands)	30/09/2017	30/09/2016
Work in progress	142,759	169,389
Finished goods	36,852	33,634
GROSS PROPERTY DEVELOPMENT PROGRAMMES	**179,611**	**203,023**
Impairment losses	-1,319	-1,684
NET PROPERTY DEVELOPMENT PROGRAMMES	**178,292**	**201,339**
Other inventories	7,588	8,469
TOTAL	**185,880**	**209,808**

The breakdown of the contribution of each of the property development programmes to the gross amount of the inventories is shown in Note 12.

Note 12 Contribution of property development programmes to the gross amount of inventories

(in € thousands)	Country	Inventories 30/09/2016	Total increases	Total reductions	Inventories 30/09/2017
Center Parcs – Roybon	France	39,801	510	0	40,311
Center Parcs Bois Harcholins	France	18,267	38,584	-38,652	18,199
Salou	Spain	0	14,388		14,388
Meribel Ravines	France	5,029	8,998	0	14,027
Center Parcs Sud Ouest	France	6,183	2,977	0	9,160
Center Parcs Vielsalm	Belgium	3,607	2,683	0	6,290
Presqu'île de la Touques	France	5,965	14,269	-14,404	5,830
Center Parcs Poligny (Jura)	France	4,923	14	0	4,937
Center Parcs le Rousset (Saône et Loire)	France	4,809	23	-1	4,831
Bassens (Senioriales)	France	0	4,067	0	4,067
Center Parcs Bois Francs Foncière	France	3,559	430	-1	3,988
PV Aime La Plagne	France	3,000	694		3,694
Soustons (Senioriales)	France	955	2,164	0	3,119
Pollestres (Senioriales)	France	876	3,303	-1,413	2,766
Nandy (Senioriales)	France	3,296	3,936	-4,749	2,483
Ville de Bruges (Senioriales)	France	3,550		-1,365	2,185
Bracieux (Senioriales)	France	1,869	200		2,069
Lille loisirs	France	1,017	5,434	-4,587	1,864
Pont Aven (Senioriales)	France	3,185	74	-1,562	1,697
Vias (Senioriales)	France	4,955	32	-3,390	1,597
Ville d'Emerainville (Senioriales)	France	5,004	539	-3,998	1,545
Center Parcs – Bois de la Mothe Chandenier	France	4,933	2,919	-6,495	1,357
Pringy (Senioriales)	France	1,843	100	-599	1,344
Center Parcs Port Zelande	The Netherlands	5,222	14,424	-18,349	1,297
Pourrières (Senioriales)	France	920	275	0	1,195
Dijon (Senioriales)	France	600	2,111	-1,733	978
Sannois (Senioriales)	France	381	497		878
Noisy le Grand (Senioriales)	France	234	644		878
Rilleux la Pape (Senioriales)	France	1,139	3,585	-3,874	850
Saint Priest (Senioriales)	France	0	839	0	839
Ville de Manosque (Senioriales)	France	1,357	353	-936	774
Vendres (Senioriales)	France	0	756	0	756
Pessac (Senioriales)	France	0	713	0	713
Teich (Senioriales)	France	0	706	0	706
Mordelles (Senioriales)	France	270	412		682
Center Parcs Nordseeküste	Germany	2,072	0	-1,402	670
Ville de Saint Avertin (Senioriales)	France	632	71	-71	632
Ville de Marseille (Senioriales)	France	911	54	-363	602
Manilva	Spain	598	149	-149	598
Cavillargues (Senioriales)	France	756	23	-214	565
Medis (Senioriales)	France	1,861	1,142	-2,451	552
Saint Palais (Senioriales)	France	217	320		537
Charleval (Senioriales)	France	1,094	24	-594	524
Boisroger	France	500	11	0	511
Flaine Montsoleil Centre	France	400	99	-99	400
Dhuizon Loisirs	France	356	0	0	356
Boulou (Senioriales)	France	1,501	60	-1,247	314
Cavaillon (Senioriales)	France	0	262	0	262
Juvignac (Senioriales)	France	655	100	-537	218

(in € thousands)	Country	Inventories 30/09/2016	Total increases	Total reductions	Inventories 30/09/2017
Soulac (Senioriales)	France	197	7	-7	197
Ville de Cenon (Senioriales)	France	978	0	-820	158
Avoriaz Crozats	France	0	113	0	113
La Rochelle la Pallice (Senioriales)	France	0	113		113
Center Parcs Hochsauerland	Germany	1,396	0	-1,396	0
Gonfaron (Senioriales)	France	264	61	-325	0
Teyran (Senioriales)	France	255	0	-255	0
Avoriaz	France	823	14	-837	0
Center Parcs Allgäu	Germany	39,874	0	-39,874	0
Miscellaneous Property development programmes (individually less than €200,000)		10,933	6,852	-7,791	9,994
TOTAL VALUE OF PROPERTY INVENTORY		**203,023**	**141,128**	**-164,540**	**179,611**

The gross change in finished goods and work in progress related to property development programmes comprises:

- €141,128,000 in increases for the year arising essentially from:
  - work done during the year on the new construction programmes thus creating an increase in gross inventory of €129,039,000.

    The main programmes concerned are Center Parcs Bois des Harcholins (€38,584,000) Center Parcs Port Zelande (Netherlands) (€14,424,000); Salou (Spain) (€14,388,000), Presqu'île de la Touques (€14,269,000), Meribel Ravines (€8,998,000), Lille loisirs (€5,434,000), Les Senioriales de Bassens (€1,424,000), Les Senioriales de Nandy (€3,936,000), Les Senioriales de Rilleux la Pape (€3,585,000), Center Parcs Sud-Ouest (€2,977,000), Center Parcs Bois de la Mothe Chandennier (€2,919,000), and Les Senioriales de Dijon (€2,111,000),
  - acquisitions of land for new construction programmes totalling €12,089,000. This amount primarily concerns the land acquired for the following property development programmes: Lille Loisirs (€3,176,000), Les Senioriales de Bassan (€2,643,000), Les Senioriales de Pollestres (€2,000,000), Les Senioriales de Soustons (€1,590,000), Les Senioriales de Rileux la Pape (€1,515,000) and Les Senioriales de Pornic (€1,000,000);
- reductions due to the sale of property and the recognition of deferred income from new construction or renovation programmes totalling €164,540,000. These reductions were, in particular, recorded for the following programmes: Center Parcs Allgau (-€39,874,000), Center Parcs Bois des Harcholins (-€38,652,000), Center Parcs Port Zelande (Netherlands) (-€18,349,000), Presqu'île de la Touques (-€14,404,000), Center Parcs Bois de la Mothe Chandennier (-€6,495,000), Les Senioriales de Nandy (-€4,749,000), Lille loisirs (-€4,587,000) Les Senioriales d'Emerainville (€3,998,000), Les Senioriales de Rilleux la Pape (-€3,874,000), Les Senioriales de Vias (-€3,390,000), Les Senioriales de Medis (-€2,451,000), Les Senioriales de Pollestres (-€1,413,000).

It should be noted that the Pierre & Vacances-Center Parcs Group has inventories relating to the Center Parcs de Roybon programme. The events that occurred during the financial year appear in the highlights.

Note 13 Trade receivables

(in € thousands)	30/09/2017	30/09/2016
Property development	185,345	165,667
Tourism business	84,948	75,250
Services	4,110	4,794
GROSS TRADE RECEIVABLES	**274,403**	**245,711**
Property development	-532	-411
Tourism business	-5,508	-5,448
Services	-134	-179
IMPAIRMENT LOSSES	**-6,174**	**-6,038**
TOTAL	**268,229**	**239,673**

At 30 September 2017, the net value of trade receivables had increased by €28,556,000.

This increase was mainly due to property development (€19,557,000),

The tourism business had a €9,638,000 increase in its net receivables reflecting, in particular, the hike in invoices to be raised in respect of reinvoicing owners for renovation works.

The trade receivables ageing schedule is presented in Note 25.

Note 14 Other current assets

14.1 - Other current assets

(in € thousands)	30/09/2017	30/09/2016
Advances and prepayments to suppliers	40,517	35,133
Taxes and duties	69,270	90,984
Other receivables	39,936	41,205
GROSS AMOUNT	**149,723**	**167,322**
Provisions	-1,536	-1,212
NET OTHER RECEIVABLES	**148,187**	**166,110**
Rents	21,346	19,070
Other pre-paid expenses	18,433	15,449
PREPAID EXPENSES	**39,779**	**34,518**
TOTAL OTHER CURRENT ASSETS	**187,965**	**200,627**

Other current assets amounted to €187,965,000 at 30 September 2017, down €12,662,000 compared to the 2015/2016 financial year. This change was mainly due to the fall in the "Taxes and duties" line item, and to lower corporate real estate tax receivables held by our tourism entities.

In addition, over the 2016/2017 financial year, the Group transferred its competitiveness and employment tax credit (CICE) for the 2015 calendar year. This transaction, discounted without recourse, made it possible to transfer virtually all the risks and benefits associated with this account receivable, which was, as a result, derecognised from the balance sheet. The transfer was reflected by net proceeds of €4,811,000 in the 2016/2017 financial year.

14.2 - Current financial assets

(in € thousands)	30/09/2017	30/09/2016
External current accounts	71,735	29,820
Loans under the "Ownership & Holidays" programme	7,120	7,642
TOTAL	**78,855**	**37,462**

"Current financial assets" mainly include the debit current accounts of joint ventures as well as several loans under the "Ownership & Holidays" programme.

The change in "External current accounts" mainly involved current accounts relating to Villages Nature.

Note 15 Cash and cash equivalents

Breakdown of the cash and cash equivalents balance shown in the consolidated statement of cash flows:

(in € thousands)	30/09/2017	30/09/2016
Cash	86,712	88,419
Cash equivalents (money market funds and deposits)	130	130
CASH AND CASH EQUIVALENTS	**86,842**	**88,549**
Bank credit balances	-9,571	-1,124
NET CASH AND CASH EQUIVALENTS	**77,271**	**87,425**

Analysis of cash equivalents by type:

	30/09/2017	30/09/2016
(in € thousands)	Fair value	Fair value
Money market funds	130	130
TOTAL	**130**	**130**

The Group invested, through first class banking institutions, in money market funds that comply with the AMF criteria listed in Note 1.17 – "Cash and cash equivalents".

Note 16 Group shareholders' equity

Issued capital and share premium

Share capital at 30 September 2017 was €98,017,230, divided into 9,801,723 fully paid-up ordinary shares with a par value of €10 each.

During the 2016/2017 financial year, the weighted average number of ordinary shares outstanding stood at 9,535, 071.

Potential capital

Analysis of the potential capital and changes thereto during 2016/2017 and 2015/2016:

	30/09/2017	30/09/2016
Number of shares at 1 October	**9,801,723**	**8,821,551**
Number of shares issued during the year (prorata temporis)		496,800
Pierre & Vacances shares held by Pierre et Vacances SA and deducted from consolidated equity	-266,652	-299,444
Weighted average number of shares	**9,535,071**	**9,018,907**
Dilutive effect		
Pierre & Vacances bonus shares granted	348,128	270,206
Weighted average number of diluted shares	**9,883,199**	**9,289,112**

Treasury shares

During the 2016/2017 financial year, the Pierre & Vacances-Center Parcs Group vested 7,574 treasury shares under employee bonus share plans dating from 2016 and 2017.

To support the share price, the Group also sold 4,917 treasury shares for €163,000.

At 30 September 2017, the Group held 264,788 treasury shares for a total value of €5,541,000.

Dividends paid

The Shareholders' Combined Ordinary and Extraordinary Meeting of 21 February 2017 decided not to distribute any dividend for the 2015/2016 financial year.

Note 17 Provisions

(in € thousands)	30/09/2016	Additions	Reversals used	Reversals not used	Other changes	30/09/2017
Provisions for renovations	5,721	941	-2	-213	0	6,447
Provisions for retirement and other post-employment benefits	22,638	3,517	-1,539	0	-2,939	21,677
Provisions for legal proceedings	2,020	1,070	-669	-177	-30	2,214
Provisions for restructuring costs and site closures	2,551	807	-1,404	0	0	1,954
Other provisions	1,211	995	-71	-273	31,835	33,697
TOTAL	**34,141**	**7,330**	**-3,685**	**-663**	**28,866**	**65,989**
Non-current portion	*26,718*					*58,531*
Current portion	*7,423*					*7,458*

The provisions for renovations represent the Group's contractual commitments and maintenance policy for its leased property (see Note 1.20 – "Provisions").

Provisions for restructuring costs and site closures relate to the reorganisation of some of the Group's activities, as well as its selective lease renewal policy, resulting in the closure of loss-making sites.

The most significant change over the period primarily relates to "Other provisions". This increase relates to an additional provision of €31,835,000 for negative equity-accounted investments (mainly the Villages Nature subsidiaries) (see Note 8 – "Equity-accounted investments").

(in € thousands)	30/09/2017	30/09/2016
Provisions for renovations	6,275	5,557
Provisions for retirement and other post-employment benefits	18,417	19,634
Provisions for legal proceedings	344	375
Provisions for restructuring costs and site closures	286	80
Other provisions	33,209	1,072
NON-CURRENT PROVISIONS	**58,531**	**26,718**
Provisions for renovations	172	164
Provisions for retirement and other post-employment benefits	3,260	3,004
Provisions for legal proceedings	1,870	1,645
Provisions for restructuring costs and site closures	1,668	2,471
Other provisions	488	139
CURRENT PROVISIONS	**7,458**	**7,423**
TOTAL	**65,989**	**34,141**

Provisions for legal proceedings:

At 30 September 2015, provisions for legal proceedings amounted to €2,214,000 in total, including €1,870,000 of current provisions and €344,000 of non-current provisions.

Each dispute is monitored and analysed by the Group's Legal Department, which, occasionally with the help of external experts, assesses the potential cost on a case-by-case basis. A provision for the estimated cost of the risk is recognised in the financial statements of the various entities involved.

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Breakdown of provisions for legal proceedings and their changes during the year:

(in € thousands)	Tourism	Property development	Individual employee disputes	Total
Balance at 30 September 2016	**130**	**161**	**1,729**	**2,020**
New legal proceedings	0	0	1,070	1,070
Reversals related to expenses for the financial year	-130	-50	-489	-669
Reversals not used	0	0	-177	-177
Reclassifications and changes of scope	0		-30	-30
BALANCE AT 30 SEPTEMBER 2017	**0**	**111**	**2,103**	**2,214**

At 30 September 2017, apart from the ongoing proceedings mentioned in Note 12, no governmental, legal or arbitration procedure (including any proceedings known to the Group either pending or threatened) of any significant character, either individually or globally, affected the financial position or profitability of the Group.

Provisions for retirement and other post-employment benefits

Provisions for retirement and other post-employment benefits, which, are assessed by independent actuaries, are determined according to the Group's accounting principles and methods (see Note 1.21 – "Provisions for retirement and other post-employment benefits"). The obligations reported relate primarily to France and the Netherlands. The main actuarial assumptions used by country are as follows:

	30/09/2017		30/09/2016	
	France	The Netherlands	France	The Netherlands
Discount rate	1.50%	1.50%	0.75%	0.75%
Salary increase rate	1.90%	2.00%	2.00%	1.90%
Inflation rate	2.00%	2.00%	2.00%	2.00%

The assumptions for expected long-term return on assets and discount rates used for estimating the Group's obligations have been defined on the basis of recommendations from independent experts. The discount rate is determined by reference to a market rate based on category one European company obligations (Iboxx Corporate AA 10 +).

Analysis of the amounts recognised on the statement of financial position at 30 September:

	30/09/2017			30/09/2016		
(in € thousands)	Retirement plans	Other benefits	Total	Retirement plans	Other benefits	Total
Discounted benefit obligation	125,954	7,172	133,126	130,997	6,914	137,911
Fair value of plan assets	111,449		111,449	115,271		115,271
NET LIABILITY RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION	**14,505**	**7,172**	**21,677**	**15,726**	**6,914**	**22,640**

Change in provisions for retirement and other post-employment benefits:

	Financial year 2016/2017			Financial year 2015/2016		
(in € thousands)	Retirement plans	Other benefits	Total	Retirement plans	Other benefits	Total
Actuarial liability start of the reporting period	**15,726**	**6,914**	**22,640**	**11,025**	**6,679**	**17,704**
Current service cost	2,786	538	3,324	2,185	549	2,734
Interest cost	973	48	1,021	1,872	145	2,017
Return on plan assets	-863	0	-863	-1,699	-38	-1,737
Contributions received and benefits paid	-1,154	-379	-1,533	-142	-386	-528
Recognised actuarial differences	-2,960	-647	-3,607	2,165	-43	2,121
Past service cost	0	698	698	261	0	261
Change in scope of consolidation	-4	2	-2	60	4	64
ACTUARIAL LIABILITY AT 30 SEPTEMBER	**14,505**	**7,172**	**21,677**	**15,726**	**6,914**	**22,640**

Breakdown of the change in the fair value of the assets held to cover the commitments:

(in € thousands)	Financial year 2016/2017	Financial year 2015/2016
Fair value of investments at start of the reporting period	**115,271**	**93,849**
Effective return on plan assets	777	1,558
Employer contributions received	1,281	-1
Contributions received from plan members	645	591
Benefits paid and expenses for the year	-1,928	-1,878
Actuarial differences	-4,597	21,152
FAIR VALUE OF INVESTMENTS AT REPORTING DATE	**111,449**	**115,271**

Sensitivity analysis of the fair value of plan assets

The sensitivity of the fair value of the plan assets for the year is as follows: a 0.25 point increase in the asset discount rate would reduce the fair value of the plan assets by €5,162,000. Conversely, a 0.25 point decrease in the asset discount rate would increase the fair value of the plan assets for the year by €5,532,000.

Analysis of the fair value of the assets held to cover the commitments, by asset category:

(in € thousands)	30/09/2017	30/09/2016
Cash	-	-
Insurance	111,449	115,271
FAIR VALUE	**111,449**	**115,271**

Sensitivity analysis of the discounted value of obligations

The sensitivity of the discounted value of obligations is as follows: a 0.25 point increase in the discount rate would decrease the discounted obligation by €5,899,000. Conversely, a 0.25 point decrease in the discount rate would increase the discounted obligation by €6,343,000.

Note 18 Financial liabilities

Breakdown by type and operating segment:

(in € thousands)	30/09/2017	30/09/2016
Long-term borrowings		
Amounts due to credit institutions	9,500	0
Property development	*9,500*	*0*
Bond issue	137,134	169,382
Tourism business	*137,134*	*169,382*
Bridging loans	8,215	6,201
Property development	*8,215*	*6,201*
Finance leases	100,299	103,125
Tourism business	*100,299*	*103,125*
Other financial liabilities	22,040	6,302
Tourism business	*21,724*	*6,163*
Property development	*316*	*139*
SUBTOTAL LONG-TERM BORROWINGS	**277,188**	**285,010**
of which Tourism	*259,157*	*278,670*
of which Property development	*18,031*	*6,340*
Short-term borrowings		
Amounts due to credit institutions	1,921	4,027
Tourism business	*1,921*	*2,522*
Property development	*0*	*1,505*
Bridging loans	3,417	1,643
Property development	*3,417*	*1,643*
Finance leases	3,526	3,681
Tourism business	*3,526*	*3,681*
Bank credit balances (including the portion of revolving loans drawn down)	9,571	1,124
Tourism business	*6,213*	*841*
Property development	*3,358*	*283*
SUBTOTAL LONG-TERM BORROWINGS	**18,435**	**10,475**
of which Tourism	*11,660*	*7,044*
of which Property development	*6,775*	*3,431*
TOTAL	**295,623**	**295,485**
of which Tourism	*270,817*	*285,714*
of which Property development	*24,806*	*9,771*

Bank borrowings and bridging loans at 30 September 2017 primarily included:

Tourism:

- the ORNANE-type bond issued on 4 February 2014 with a principal amount of €115,000,000 and maturing on 1 October 2019. Bonds redeemable in cash and new or existing shares (ORNANE) are convertible at any time by delivery of a new or existing share.

  Over the 2016/2017 financial year, 959,070 ORNANE-type bonds were the subject of redemption requests. At 30 September 2017, this bond issue was recognised in the Group's consolidated financial statements in the amount of €77,831,000;
- the bond issued in the form of an unlisted "Euro PP" private placement on 19 July 2016 with a principal amount of €60,000,000 and maturing in December 2022. This issue, with a 4.25% coupon, was subscribed for by French institutional investors. At 30 September 2017, this borrowing was recognised in the Group's consolidated financial statements as €59,304,000;
- the embedded derivative component of the ORNANE bond, to be recognised under mark-to-market liabilities. Changes in the fair value of this derivative are recognised in financial income (expenses) under a separate item called "Change in the fair value of the ORNANE derivative". At 30 September 2017, the fair value of this derivative was €21,440,000.

The loan agreement signed on 14 March 2016, in the form of a €200 million revolving credit line, was unused at 30 September 2017.

Property development:

- new borrowing of €9,500,000 put in place by the Group for property development in Spain;
- bridging loans totalling €11,632,000 put in place for property development programmes, including in particular:
  - €2,826,000 to finance the property development programme of Les Senioriales de Soustons,
  - €2,601,000 to finance the property development programme of Les Senioriales de Nandy,
  - €2,025,000 to finance the property development programme of Les Senioriales de Pollestres,
  - €1,961,000 to finance the property development programme of Les Senioriales de Bassens,
  - €1,403,000 to finance the property development programme of Les Senioriales de Pornic,
  - €567,000 to finance the property development programme of Les Senioriales de Saint-Étienne,
  - €249,000 to finance the property development programme of Les Senioriales de Bruges.

Thus, in the 2016/2017 financial year, the Pierre & Vacances-Center Parcs Group received €18,342,000 in new loans for property developments in France and Spain.

During the same period, the Group also repaid loans representing cash outflows of €44,468,000, including primarily:

- €34,929,000 for the partial redemption of the par value of 959,070 ORNANE-type bonds;
- €4,911,000 corresponding to the repayment of various bridging loans.

In addition, the Pierre & Vacances-Center Parcs Group has five other confirmed credit lines, which break down as follows:

- €15 million, due in May 2020;
- €10 million;
- €5 million;
- €5 million;
- €4 million, due in March 2018;

There was no drawdown against any of these credit lines at 30 September 2017.

Analysis of the financial liabilities related to finance leases:

(in € thousands)	30/09/2017	30/09/2016
Le Domaine du Lac d'Ailette	101,300*	103,555
PV SA	869**	1,305
CPE	1,656	1,946
TOTAL	**103,825**	**106,806**

* *The underlying net asset (€101,653,000 at 30 September 2017) is recorded in property, plant and equipment (see Note 7).*
** *The underlying net asset (€843,000 at 30 September 2017) is recorded in intangible assets (see Note 5).*

Breakdown by maturity

Breakdown of the change in maturity of gross borrowings and other financial liabilities:

	Balance *(in € thousands)* **at**	
Maturities	**30/09/2017**	**30/09/2016**
Year N+1	18,435	10,475
Year N+2	11,132	7,642
Year N+3	111,781*	4,344
Year N+4	3,098	118,906
Year N+5	62,608**	3,033
Year > N+5	88,569***	151,085
TOTAL	**295,623**	**295,485**

* *Including €9,500,000 for Spanish property loan and €77,831,000 for ORNANE redemptions. Please note that some requests for early redemption were formulated by bond holders after the reporting date. The number of ORNANE involved to date is specified in Note 2.1 Highlights for the 2016/2017 financial year.*
** *Including €59,304,000 for Euro PP-type bonds.*
*** *Including €88,101,000 for finance leases.*

Breakdown of main financial liabilities by interest rate type

Fixed rate

The main fixed-rate borrowings recorded as liabilities in the statement of financial position at 30 September 2017 relate to restatements of finance leases and bond issues. The nominal amount of the fixed-rate borrowings was €240,960,000. The majority of these borrowings carry interest at percentages between 3.33% and 6.02%.

Issue date	Maturity date	Principal amount outstanding at 30/09/2017 *(in € millions)*	Interest rate
Finance leases			
21/09/2005	31/12/2038	101.3	6.02%
01/10/2009	30/07/2019	0.9	6.00%
01/10/2014	31/12/2024	1.6	6.00%
01/01/2015	31/12/2017	0.0	3.33%
Bond issue			
04/02/2014	01/10/2019*	77.8	3.50%
19/07/2016	31/12/2022	59.3	4.25%
TOTAL		**241.0**	

* *Some requests for early redemption were formulated by bond holders after the reporting date. The number of ORNANE involved to date is specified in Note 2.1 Highlights for the 2016/2017 financial year.*

Variable rate

The principal amount of variable rate bank borrowings and bridging loans is €21,132,000 with a rate varying from 1-month Euribor + margin to 1-year Euribor margin.

To manage the risk associated with interest rate fluctuations on variable rate borrowings, the Pierre & Vacances-Center Parcs Group has set up interest rate swap contracts (the features of which are described in Note 20 – "Hedging instruments").

In the absence of any expected rises in interest rates, the Group did not contract any new hedging instruments.

Amounts due to credit institutions and variable rate bridging loans break down as follows:

Issue date	Maturity date	Principal amount outstanding at 30/09/2017 *(in € millions)*	Interest rate
Amounts due to credit institutions:			
21/06/2017	21/06/2020	9.5	Euribor 1-year + margin
SUB-TOTAL		**9.5**	
Bridging loans:			
14/12/2016	31/12/2018	2.8	1-month Euribor + margin
22/01/2016	22/01/2018	2.6	3-month Euribor + margin
18/04/2017	18/04/2019	2.0	3-month Euribor + margin
30/06/2017	30/06/2019	2.0	3-month Euribor + margin
25/10/2016	30/11/2018	1.4	3-month Euribor + margin
01/07/2016	01/07/2018	0.6	3-month Euribor + margin
31/01/2016	31/01/2018	0.2	3-month Euribor + margin
SUB-TOTAL		**11.6**	
TOTAL		**21.1**	

Collateral

(in € thousands)	30/09/2017	30/09/2016
Guarantees and pledges	210,013	174,810
Mortgages	15,265	6,365
TOTAL	**225,278**	**181,175**

Collateral pledged by the Group to secure repayment of its bank borrowings include:

- a first call guarantee of €163,861,000 that can be amortised, granted to the institution that provided the finance lease for the facilities at Domaine du Lac d'Ailette;
- high quality mortgages pledged for bridging loans for the following main property development programmes:
  - Les Senioriales – Pollestres for €3,800,000,
  - Les Senioriales – Bassens for €3,600,000,
  - Les Senioriales – Bruges for €3,365,000,
  - Les Senioriales – Nîmes for €3,000,000.

Breakdown of the change in maturity of collateral:

	Balance *(in € thousands)* **at**	
Maturities	30/09/2017	30/09/2016
Year N+1	17,646	3,874
Year N+2	14,986	10,923
Year N+3	25,070	7,451
Year N+4	7,609	4,351
Year N+5	4,894	4,609
Year > N+5	155,073	149,967
TOTAL	**225,278**	**181,175**

Note 19 Financial instruments

The table below shows the carrying amount and the fair value of the financial instruments recognised on the statement of financial position:

(in € thousands)	IAS 39 category	30/09/2017 Carrying amount*	30/09/2016 Carrying amount*
ASSETS			
Non-current financial assets		46,078	26,964
Available-for-sale financial assets	Available-for-sale financial assets at fair value through other comprehensive income	1,629	1,631
Related receivables	Loans and receivables at amortised cost	14	0
Loans and other financial assets	Loans and receivables at amortised cost	44,435	25,333
Trade receivables	Loans and receivables at amortised cost	268,229	239,673
Other current assets**	Loans and receivables at amortised cost	38,399	39,992
Current financial assets	Loans and receivables at amortised cost	78,855	37,462
Cash and cash equivalents	Financial assets at fair value through profit or loss***	86,842	88,549
LIABILITIES			
Financial liabilities (including short-term portion)		295,623	295,484
Amounts due to credit institutions	Financial liabilities at amortised cost	11,421	4,027
Bond issue	Financial liabilities at amortised cost	137,134	169,382
Cash redemption option for the ORNANE bond	Financial liabilities at fair value through profit or loss	21,440	5,778
Finance leases	Financial liabilities at amortised cost	103,825	106,806
Bank credit balances	Financial liabilities at amortised cost	9,571	1,124
Other financial liabilities	Financial liabilities at amortised cost	12,232	8,367
Other non-current liabilities	Financial liabilities at amortised cost	149	862
Trade payables	Financial liabilities at amortised cost	319,109	298,402
Other current liabilities**	Financial liabilities at amortised cost	123,765	121,735
Other current financial liabilities	Financial liabilities at amortised cost	22,394	21,940

* *The fair values of financial assets and financial liabilities do not differ significantly from the carrying amounts.*
** *Other current assets and other current liabilities are restated from items not considered to be financial instruments within the meaning of IAS 39, that is to say advances and prepayments to suppliers, advances and deposits on orders in progress, receivables from and payables to the state, prepayments and deferred income.*
*** *These assets are measured on the basis of their value on the regulated market.*

Note 20 Hedging instruments

The Group's policy is to reduce its exposure to interest rate fluctuations when these are highly volatile or are expected to rise sharply. To this end, the Group may use derivative hedging instruments such as interest rate swaps or interest rate caps.

The derivative instruments contracted are intended exclusively for the management of interest rate risk and are deemed to be derivatives designated as cash flow hedging instruments.

In the absence of any expected rises in interest rates, the Group did not contract any new hedging instruments.

Note 21 Market risks

Cash flow management

Cash flow is managed centrally by the specialist staff of the Pierre & Vacances-Center Parcs Group's Finance Department. The surplus cash of subsidiaries is paid into the Group's centralising entity (Pierre et Vacances FI) which redistributes them to the entities that need them and may, depending on projected market trends, invest the balance in "Euro Money Market" instruments to maximise liquidity and comply with the counterparty risk management policy. This centralisation means that financial resources are optimised and the main Group entities' cash flow trends are closely monitored.

Counter-party risk

These operations are carried out with banks authorised by Executive Management in line with the counter-party risk management policy. Because of the diversity of counter-parties, selected from leading banks according to their rating and the knowledge the Group has of them, Pierre & Vacances-Center Parcs considers that it is not exposed to a concentration of credit risk. Since Pierre & Vacances-Center Parcs Group Executive Management would like to be able to access, at any moment, any available cash equivalents consisting of unit trusts and mutual investment funds, these investments are short-term (less than three months) and liquid.

Credit risk

Because of the Group's marketing rules concerning the sale of property (selling off-plan), this activity does not pose any significant risks relating to these trade receivables.

In the tourism business, risk of non-payment by customers is low, with over 72% of revenue achieved by direct sale, whereby the payment for services occurs before these services are provided.

Group policy for indirect sales is to work with major market players, diversify its portfolio of tour operators and travel agencies, use agreements drawn up by the Legal Department assisted by its counsels, and check the solvency of the counter-parties.

Capital management

The Group capital management objective is to ensure operational continuity, the profitability of shareholders' capital, and the reliability of partner relationships and to maintain an optimal capital structure in order to limit the cost of committed funds.

To maintain or adjust the committed funds structure, the Group can issue new debt or repay existing debt, adjust the amount of dividends paid to shareholders, make a capital repayment to shareholders, issue new shares, repurchase existing shares or dispose of assets in order to reduce its debt.

The Group communicates on its debt ratio (net debt/equity), a capital control indicator.

Given the fact that the Pierre & Vacances-Center Parcs Group does not aim to own the residences and villages it develops and operates, its exposure to capital risk is therefore limited.

Liquidity risk

At 30 September 2017, the Pierre & Vacances-Center Parcs Group's net cash and cash equivalents balance stood at €77,271,000. This balance equals the gross amount of cash and cash equivalents (€86,842,000) less bank overdrafts (€9,571,000).

Furthermore, as indicated in Note 18, the Group has five confirmed credit lines, as well as one revolving credit line. There was no drawdown against any of these credit lines at 30 September 2017. The Group has therefore no liquidity risk.

Analysis of assets and liabilities associated with financing activities at 30 September 2017:

		Maturities		
(in € thousands)	30/09/2017	<1 year	1 to 5 years	>5 years
Amounts due to credit institutions	11,421	1,921	9,500	0
Bond issue*	137,134	0	137,134	0
Finance leases	103,825	3,526	12,329	87,970
Other financial liabilities	33,672	3,417	29,655	600
Bank credit balances	9,571	9,571	-	-
Gross financial liabilities excluding impact of derivatives	**295,623**	**18,435**	**188,618**	**88,570**
Derivative financial instruments – liabilities	0	0	-	-
Gross financial liabilities	**295,623**	**18,435**	**188,618**	**88,570**
Cash equivalents	-130	-130	-	-
Cash assets	-86,712	-86,712	-	-
Net financial debt	**208,781**	**-68,407**	**188,618**	**88,570**

* *Including €77,831,000 for ORNANE redemptions. Please note that some requests for early redemption were formulated by bond holders after the reporting date. The number of ORNANE involved to date is specified in Note 2.1 Highlights for the 2016/2017 financial year.*

None of the Pierre & Vacances-Center Parcs Group's bank borrowings are based on its debt rating. Contracts governing the Corporate loan and the credit lines contain standard clauses referring to the consolidated financial position of the Group.

The definition and levels of the ratios, also called financial covenants, are fixed in advance in agreement with the lenders. Compliance with the ratios is assessed only once a year at the reporting date. Failure to comply with these ratios authorises the lenders to call in some or all of the debt early.

The loans are all accompanied by the usual legal clauses: "negative pledge", "pari passu" and "cross default".

In the context of the refinancing of the Corporate loan in March 2016, a single ratio is now monitored: net adjusted financial liabilities/EBITDAR (net adjusted financial liabilities = Group net borrowings plus rent commitments over the next five years, discounted at 6.0%); EBITDAR = Group consolidated operating profit (loss) from ordinary activities plus net additions to depreciation, amortisation and impairment, and share-based payment expenses, before rent expense for the financial year (excluding registered offices). This ratio has to remain less than or equal to 3.20 with respect to the 2016/2017 financial year, in accordance with the loan agreement signed in March 2016.

This covenant is calculated contractually only once a year, at 30 September. The Pierre & Vacances-Center Parcs Group complied with this ratio for the 2016/2017 financial year.

At 30 September 2017, contractual interest payments not discounted on financial liabilities outstanding, by maturity date, were as follows:

		Maturities		
	30/09/2017	<1 year	1 to 5 years	>5 years
Contractual interest payments not discounted on outstanding financial liabilities	**104,845**	**13,288**	**38,479**	**53,078**

Interest rate risk

The management of market risk relating to interest rate fluctuations is handled centrally by the Group's Finance Department.

The Group's policy is to reduce its exposure to interest rate fluctuations when these are highly volatile or are expected to rise sharply. To this end, the Group may use derivative hedging instruments such as interest rate swaps or interest rate caps. The Pierre & Vacances-Center Parcs Group's net financial income (expenses) thus has little sensitivity to interest rate changes. Bridging loans backing property transactions are generally not hedged against expected interest rate changes due to their usually limited duration.

Breakdown of financial assets and liabilities at 30 September 2017:

		Maturities		
(in € thousands)	30/09/2017	<1 year	1 to 5 years	> 5 years
Fixed-rate borrowings*	240,960	3,526	149,463	87,971
Variable-rate borrowings	21,132	3,417	17,715	0
Other liabilities	22,040	0	21,440	600
Accrued interest expense	1,921	1,921	-	-
Financial liabilities	**286,053**	**8,864**	**188,618**	**88,571**
Fixed-rate loans	7,120	551	2,003	4,566
Variable-rate loans	21,522	571	20,951	-
Variable-rate cash equivalents	130	130	-	-
Financial assets	**28,772**	**1,252**	**22,954**	**4,566**
NET POSITION	**257,281**	**7,612**	**165,664**	**84,005**

* *Including €77,831,000 for ORNANE redemptions. Please note that some requests for early redemption were formulated by bond holders after the reporting date. The number of ORNANE involved to date is specified in Note 2.1 Highlights for the 2016/2017 financial year.*

The variable rate net position after management at 30 September 2017 was as follows:

(in € thousands)	30/09/2017
Borrowings	21,132
Loans	21,522
Cash equivalents	130
NET POSITION BEFORE MANAGEMENT	**-520**

A 1% increase or decrease in short-term rates would have an effect of -€5,000 and +€5,000, respectively, on net financial expenses for the 2016/2017 financial year, compared with -€44.9 million of net financial expenses for the 2016/2017 financial year.

Foreign exchange risk

The majority of the Group's assets and liabilities are denominated in euros. Only some subsidiaries have cash flows denominated in other currencies. As these subsidiaries are only small, the Group is not exposed to changes in foreign currency rates.

Note 22 Trade payables

(in € thousands)	30/09/2017	30/09/2016
Tourism business	253,734	244,865
Property development	52,713	40,251
Services	12,662	13,286
TOTAL	**319,109**	**298,402**

"Trade payables" were up by €20,707,000. This rise was mainly due to the Group's property development business (€12,462,000) and primarily relates to the Bois des Harcholins property development programme (€10,183,000).

The trade payables ageing schedule is presented in Note 25.

Note 23 Other current and non-current liabilities

23.1 - Other current and non-current liabilities

(in € thousands)	30/09/2017	30/09/2016
Advances and deposits on orders in progress	139,139	106,882
VAT and other tax liabilities	71,490	70,785
Employee and social security liabilities	63,459	60,225
Lease liabilities	149	862
Other liabilities	60,306	61,510
OTHER OPERATING LIABILITIES	**334,543**	**300,264**
Property sales and support funds	80,090	102,947
Other deferred income	38,202	16,251
DEFERRED INCOME	**118,292**	**119,198**
TOTAL OTHER LIABILITIES	**452,835**	**419,462**
Other current liabilities	452,686	418,600
Other non-current liabilities	149	862

The €33,373,000 increase in "Other current and non-current liabilities" was mainly due to the "Advances and deposits on orders in progress" item €32,257,000 from tourism business reservations.

23.2 - Current financial liabilities

(in € thousands)	30/09/2017	30/09/2016
External current accounts	22,394	21,940
	22,394	**21,940**

"Current financial liabilities" mainly relate to current accounts with third parties linked to the Group or partners.

Note 24 Change in working capital requirements

Change in working capital requirement for the 2016/2017 financial year:

		30/09/2016	Activity-related changes	Other changes	30/09/2017
Net inventory value		209,808	-20,075	-3,852	185,880
Trade receivables		239,673	28,679	-122	268,229
Other current assets		238,089	48,981	-20,251	266,820
TOTAL WORKING CAPITAL REQUIREMENTS – ASSETS	**A**	**687,570**	**57,585**	**-24,225**	**720,929**
Trade payables		298,402	20,413	294	319,109
Other current and non-current liabilities		441,402	32,277	1,550	475,229
TOTAL WORKING CAPITAL REQUIREMENTS – LIABILITIES	**B**	**739,804**	**52,690**	**1,844**	**794,338**
WORKING CAPITAL REQUIREMENTS	**A-B**	**-52,234**	**4,895**	**-26,070**	**-73,409**
including change in non-operating receivables and payables			*-1,633*		
including change in operating receivables and payables			*6,528*		

Other changes mainly include reclassifications of statement of financial position items, as well as the impact of fluctuations in exchange rates and changes in Group structure.

Note 25 Maturity of receivables and liabilities

(in € thousands)	30/09/2017	Amounts not yet due or due for <1 year	Amount due between 1 and 5 years	Amounts due in >5 years
Other non-current financial assets	44,450	44,450	-	-
Trade receivables (net)	268,229	268,229	-	-
Other current assets and current financial assets	266,820	265,787	1,033	-
TOTAL ASSETS	**579,499**	**578,466**	**1,033**	**-**
Other non-current liabilities	149	149	-	-
Trade payables	319,109	319,109	-	-
Other current liabilities and current financial liabilities	475,080	475,080	-	-
TOTAL LIABILITIES	**794,338**	**794,338**	**-**	**-**

Analysis of the main profit and loss items

Note 26 Revenue

(in € thousands)	Financial year 2016/2017	Financial year 2015/2016
Tourism	1,273,343	1,225,761
Pierre & Vacances Tourisme Europe[(1)]	*607,804*	*581,772*
Center Parcs Europe[(2)]	*665,539*	*643,989*
Property Development	151,966	146,863
TOTAL	**1,425,309**	**1,372,624**

(1) Pierre & Vacances Tourisme Europe includes Pierre & Vacances, Maeva and Aparthotels Adagio.
(2) Center Parcs Europe houses the Center Parcs and Sunparks brands.

Revenue by country

(in € thousands)	Financial year 2016/2017	Financial year 2015/2016
France	784,590	764,931
The Netherlands	218,483	209,733
Belgium	110,365	107,690
Germany	112,033	107,056
Spain	47,820	36,274
Italy	52	52
Other	0	26
TOURISM BUSINESS	**1,273,343**	**1,225,762**
France	144,147	116,766
Germany	3,213	1,526
Spain	173	21,377
The Netherlands	4433	4,657
Morocco	0	0
China	0	2,536
PROPERTY DEVELOPMENT	**151,966**	**146,862**
TOTAL	**1,425,309**	**1,372,624**

Revenue in France, where the registered office is located, amounted to €928,737,000.

Note 27 Purchases and external services

(in € thousands)	Financial year 2016/2017	Financial year 2015/2016
Cost of goods sold – Tourism	-45,070	-41,440
Cost of inventories sold – Property development	-90,136	-66,718
Rent and other co-ownership expenses	-448,177	-451,593
Subcontracted services (laundry, catering, cleaning)	-82,552	-79,275
Advertising and fees	-129,465	-125,649
Other (including holiday purchases)	-203,211	-177,627
TOTAL	**-998,611**	**-942,302**

Purchases and external services amounted to an expense of €998,611,000 in the 2016/2017 financial year, up €56,309,000 compared with the 2015/2016 financial year.

This increase was due to a sharp rise in holiday purchases, following the first full-year contribution from La France du Nord au Sud (€30,461,000), acquired in the 2nd half of the 2015/2016 financial year. The "Cost of inventories sold – Property development" item recorded an increase of €23,418,000.

Rent expense for the 2016/2017 financial year to individual and institutional owners of the land and buildings of the residences and villages operated by the Group was €366.6 million (€167.5 million of which for those marketed under Pierre & Vacances Tourisme Europe; and €199.1 million of which for Center Parcs Europe villages). This expense was €366.2 million for the 2015/2016 financial year (€171.4 million for those marketed under Pierre & Vacances Tourisme Europe; €194.8 million for Center Parcs Europe villages).

Note 28 Employee expenses

(in € thousands)	Financial year 2016/2017	Financial year 2015/2016
Salaries and wages	-259,521	-245,851
Social security expenses	-78,261	-74,396
Defined-contribution and defined-benefit plan expenses	-1,821	-2,425
Share-based payment expenses	-2,410	-1,490
TOTAL	**-342,013**	**-324,162**

Employee expenses amounted to €342,013,000, up by €17,851,000 compared with the 2015/2016 financial year. This change was in line with the Group's expansion in Spain, as well as the full-year impact of La France du Nord au Sud business.

This amount also included the recognition of accrued income for €6,504,000 corresponding to the competitiveness and employment tax credit (Crédit d'Impôt pour la Compétitivité et l'Emploi – CICE), compared with €5,706,000 for the previous financial year.

Share-based payment expenses

The features of the plans reported are as follows:

				Share-based payment expenses	
Date of grant by the Board of Directors *(in € thousands)*	**Type***	**Number of options granted**	**End date of the vesting period**	**Financial year 2016/2017**	**Financial year 2015/2016**
28/05/2013	AGA	229,778	01/01/2016	-	-73
03/09/2013	AGA	13,333	01/01/2016	-	-4
02/12/2013	AGA	15,555	01/01/2016	-	-18
26/05/2014	AGA	20,889	01/01/2017	-27	-106
02/12/2014	AGA	2,222	01/01/2017	-3	-11
04/02/2016	AGA	302,500	04/02/2018	-1,952	-1,278
18/04/2017	AGA	79,700	18/04/2019	-427	
TOTAL		**663,977**		**-2,410**	**-1,490**

* AGA: bonus share grant.

The employee expense recognised is the fair value of the options granted as calculated on the date of grant by the Board of Directors using the "Black & Scholes" method. This expense is spread over the vesting period along with corresponding increases in reserves.

The following table presents the valuation assumptions and results for share options and bonus shares:

	Share price on date of grant	Exercise Price	Volatility	End date of the vesting period	Expected maturity	Risk-free rate	Expected dividend yield rate	Probability of beneficiaries leaving	Option value on date of grant
Plan 28/05/2013	€16.15	€0	36%	01/01/2016	3 years	0.493%	2.5%	3%	€3.27
Plan 03/09/2013	€15.95	€0	37%	01/01/2016	3 years	0.702%	2.5%	3%	€3.09
Plan 02/12/2013	€23.46	€0	39%	01/01/2016	3 years	0.450%	2.17%	3%	9.21
Plan 26/05/2014	€32.41	€0	42%	01/01/2017	3 years	0.559%	0.2%	3%	€13.21
Plan 02/12/2014	€22.87	€0	41%	01/01/2017	3 years	0.210%	0.0%	3%	€10.39
Plan 04/02/2016	€27.79	€0	38.7%	04/02/2018	3 years	-0.087%	0.0%	3%	€12.93
Plan 18/04/2017	€40.48	€0	34.32%	18/04/2019	4 years	0.008%	0.0%	3%	€24.46

Note 29 Depreciation, amortisation and impairment

(in € thousands)	Financial year 2016/2017	Financial year 2015/2016
Depreciation	-42,259	-42,269
Additions to provisions	-10,805	-19,862
TOTAL	**-53,064**	**-62,131**

Depreciation, amortisation and impairment amounted to -€10,805,000 in the 2016/2017 financial year. The sharp drop from the previous financial year was the result of fewer impairment losses on trade receivables.

Note 30 Other operating income and expenses from ordinary activities

(in € thousands)	Financial year 2016/2017	Financial year 2015/2016
Taxes and duties	-8,318	-8,429
Other operating expenses on ordinary activities	-5,956	-11,158
Other operating income from ordinary activities	26,901	17,488
TOTAL	**12,627**	**-2,099**

"Taxes and duties" comprise tax expense and operational taxes, such as payroll taxes (learning tax, training tax), real estate taxes and television licence fees.

Generally speaking "Other operating income from ordinary activities" and "Other operating expenses on ordinary activities" comprise subsidies and insurance reimbursements, as well as some registered office expenses. For the 2016/2017 financial year, they also include the Group's share of the profit from the renovation of Center Parcs Hochsauerland (Germany) and Center Parcs Port Zélande (Netherlands)

Note 31 Other operating income and expenses

(in € thousands)	Financial year 2016/2017	Financial year 2015/2016
Restructuring costs and site closures	-2,495	-3,120
Gains (losses) on disposals	-1,309	-445
Expenses incurred for the group's 50th anniversary	-2,448	0
Net additions to (reversals of) provisions for restructuring costs	744	-139
Provision for impairment loss on non-current assets	0	17
Other	-652	-734
TOTAL	**-6,160**	**-4,421**

"Other operating income and expenses" represent expenses of €6,160,000. They primarily include costs and provisions associated with restructuring (-€2,495,000) as well as expenses incurred for festivities celebrating the 50th anniversary of the Pierre & Vacances-Center Parcs Group (-€2,448,000).

"Other operating income" (€15,241,000) primarily includes mostly selling prices of assets sold off, with their net book value registered under "other operating expenses" (-€21,401,000).

In the 2015/2016 financial year, this item represented an expense of €4,421,000, mainly comprising costs and provisions for restructuring associated with the disentanglement from loss-making sites.

Note 32 Financial income (expense)

(in € thousands)	Financial year 2016/2017	Financial year 2015/2016
Gross borrowing costs	-30,984	-20,045
Income from cash and cash equivalents	769	759
NET BORROWINGS COSTS	**-30,215**	**-19,286**
Income from loans	1,086	960
Other financial income	1,173	526
Other financial expenses	-1,363	-2,215
Change in the fair value of the ORNANE derivative	-15,662	-5,755
OTHER FINANCIAL INCOME AND EXPENSES	**-14,766**	**-6,484**
TOTAL	**-44,981**	**-25,770**
Total financial expenses	*-48,016*	*-28,020*
Total financial income	*3,035*	*2,250*

Net financial expenses totalled €44,981,000 in the 2016/2017 financial year, compared with €25,770,000 in the 2015/2016 financial year.

They include a €15,662,000 financial expense with no impact on cash corresponding to a change in the fair value of the ORNANE derivative. This change in fair value had generated an expense of €5,755,000 in the 2015/2016 financial year.

In addition, financial income was negatively impacted by non-recurring expenses of €13,365,000 related to requests for the early redemption of 959,070 ORNANE-type bonds in 2016/2017 (see Note 1.21 – "Loans and other borrowings").

Restated for these items, net recurring financial expenses totalled €15,954,000 in the 2016/2017 financial year, compared with €18,869,000 in the 2015/2016 financial year.

Note 33 Income tax and deferred tax

Breakdown of the tax expense

(in € thousands)	Financial year 2016/2017	Financial year 2015/2016
Consolidated profit (loss) before tax	**-6,893**	**11,739**
Untaxed income:		
Impact of losses carried forward and other temporary differences not recognised or exceeding thresholds	29,993	17,012
Use of recognised tax loss carryforwards	-15,282	-6,003
Intra-group transactions having a tax impact	1,853	11,967
Other	23,676	913
Consolidated taxable income	**33,347**	**35,629**
Group tax rate	34.43%	34.43%
Theoretical tax benefit at corporate tax rate applicable in France	**-11,481**	**-12,267**
Differences on tax rates abroad	92	2,252
CVAE	-3,494	-3,752
Other	-543	80
GROUP TAX INCOME (EXPENSE)	**-15,426**	**-13,687**
of which tax payable (including CVAE)	-16,148	-16,478
of which deferred taxes	722	2,791

Tax losses for the year that were not activated due to their unlikely recovery within a reasonable time frame primarily relate to the tax group in France and certain Belgian entities.

Intra-group transactions with a tax impact essentially correspond to the taxation of internal Group loan write-offs, which have no effect on the consolidated pre-tax profit (loss).

Other non-taxable items amounted to €23,676,000 for 2016/2017 and mainly correspond to non-deductible financial expenses, as well as the change in the fair value of the ORNANE and IFRS 2 expense.

In addition, further to the rulings handed down in July 2013 by the Administrative Court of Montreuil, Pierre et Vacances SA obtained a favourable outcome to its dispute with the French Tax Authorities relating to a tax inspection for the financial years 2003/2004, 2004/2005 and 2005/2006. On 17 March 2016, the Administrative Court of Versailles handed down two rulings upholding the Company's position. This confirms Pierre & Vacances-Center Parcs's assessment of the absence of financial risk attached to this dispute. Nevertheless, on 19 May 2016, the French Tax Authority lodged an appeal before the Council of State. After being assigned to a Rapporteur in February 2017, the appeal lodged by the French Tax Authority was upheld by the Council of State on 25 August 2017.

Analysis of deferred tax assets and liabilities by type and by country

Within the same country, the majority of the Group's entities consolidate their taxable profit. The breakdown of the Group's deferred tax position by country therefore reflects the position of each tax consolidation subgroup.

(in € thousands)	30/09/2016	Change through profit or loss	Change through other comprehensive income or loss	30/09/2017
France	6,636	647	-374	6,909
The Netherlands	-17,412	951	-877	-17,338
Belgium	1,810	43	198	2,051
Germany	569	195	0	764
Spain	-263	46	0	-217
Italy	175	0	0	175
China	21	0	0	21
Deferred taxes on temporary differences	**-8,464**	**1,882**	**-1,053**	**-7,635**
France	80,268	0	0	80,268
Belgium	4,617	-1,220	0	3,397
Germany	3,530	-1,098	0	2,431
Spain	3,492	1,403	0	4,895
Deferred tax on losses carried forward	**91,907**	**-916**	**0**	**90,991**
TOTAL	**83,443**	**967**	**-1,053**	**83,356**
of which deferred tax assets	*89,739*			*88,877*
of which deferred tax liabilities	*-6,296*			*-5,521*

At 30 September 2017, the Group's net deferred tax position amounted to €83,356,000, -€7,635,000 of which represent temporary differences. This amount primarily includes a €21,468,000 deferred tax liability recognised in the Netherlands for the Center Parcs brand (estimated at €85,870,000).

Deferred taxes recognised with respect to tax losses amounted to €91 million, including €80.3 million in respect of tourism and property development activities carried out by the Group in France.

These tax loss carryforwards are only recognised as deferred tax assets to the extent that the Group believes, on the basis of business plans relating to tourism and property development programme forecasts, that it is likely to have future taxable income against which the tax losses can be charged within a reasonable time frame. At 30 September 2017, a reasonable time frame is set at within six years.

The tax rules applicable at the reporting date, namely those approved at 30 September 2016, were used to calculate the amount of deferred taxes.

In addition, it should be noted that the amount of tax losses which may be used in France is subject to a ruling limiting the crediting of taxable losses to 50% of the profit beyond the first €1 million and in Germany, up to 60% of the profit beyond the first €1 million and in Spain, up to 50% of the profit for tax purposes.

Unused losses carried forward totalled €275.9 million. This relates to the French tax consolidation group for an amount of €172.8 million.

Note 34 Earnings per share

Average number of shares

	Financial year 2016/2017	Financial year 2015/2016
Number of shares issued at 1 October	9,801,723	8,821,551
Number of shares issued during the financial year	-	496,800
Number of shares issued at the end of the period	**9,801,723**	**9,318,351**
Weighted average number of shares	9,535,071	9,018,907
Weighted average number of potential shares	9,883,199	9,289,112

The various dilutive instruments included in calculating the weighted average number of shares after dilution are presented below:

Number of bonus shares (AGA), share subscription options (OSA) and share purchase options (OAA) granted by the Board of Directors:	Type	Exercise price *(in €)*	Financial year 2016/2017	Financial year 2015/2016
on 28/05/2013	AGA	0	0	61,148
on 03/09/2013	AGA	0	0	3,548
on 02/12/2013	AGA	0	0	4,140
on 26/05/2014 and outstanding	AGA	0	5,222	20,889
on 02/12/2014 and outstanding	AGA	0	556	2,222
on 02/02/2016 and outstanding	AGA	0	302,500	178,259
on 18/04/2017 and outstanding	AGA	0	39,850	0
			348,128	**270,206**

Earnings per share

	Financial year 2016/2017	Financial year 2015/2016
Profit (loss) attributable to owners of the Company *(in € thousands)*	-56,727	-7,432
Weighted basic earnings (loss) per share, attributable to owners of the Company *(in €)*	-5.95	-0.82
Weighted diluted earnings (loss) per share, attributable to owners of the Company *(in €)**	-5.95	-0.82

* *The conversion of potential ordinary shares into ordinary shares would decrease the net loss per share. Therefore, in accordance with IAS 33, diluted earnings (loss) per share is equal to basic earnings (loss) per share.*

Other financial information

Note 35 Number of employees

For the last two financial years, the average annual number of employees (full-time equivalent) of Pierre & Vacances-Center Parcs Group companies that are fully consolidated stood as follows:

	Financial year 2016/2017	Financial year 2015/2016
Management	1,267	1,249
Supervisory staff and other employees	6,351	6,106
TOTAL	**7,618**	**7,355**

Note 36 Off-statement of financial position commitments

The collateral granted by the Group to secure its bank loans and reciprocal commitments are detailed respectively in Note 18 – "Financial liabilities" and Note 20 – "Hedging instruments". They are therefore not included in the table below:

	Maturities				
(in € thousands)	**<1 year**	**1 to 5 years**	**>5 years**	**30/09/2017**	**30/09/2016**
Rent commitments	310,399	1,063,657	753,823	2,127,879	2,093,906
Other commitments given[(1)]	24,440	17,755	110,150	152,346	59,987
Commitments given	**334,839**	**1,081,412**	**863,973**	**2,280,225**	**2,153,893**
Completion guarantees	28,434	70,165	0	98,599	31,087
Other commitments received	651	115	36,272	37,038	34,714
Commitments received	**29,085**	**70,280**	**36,272**	**135,637**	**65,801**

(1) Including, in 2017, the recognition of compensation for the non-renewal of leases on some Center Parcs sites.

Commitments given

- When the land and buildings of the residences and villages operated by the Pierre & Vacances-Center Parcs Group's tourism operating companies are sold, a lease is signed with the new owners. At 30 September 2017, the rent remaining to be paid by the Group over the residual term of these leases amounted to €2,128 million. The present value of these rent commitments, discounted at a rate of 6%, is €1,645 million, of which €1,166 million has a maturity of five years or less.

Breakdown of rent commitments by business segment and maturity date at 30 September 2017:

		Maturities					
(in € thousands)	**30/09/2017**	**< N+1**	**N+2**	**N+3**	**N+4**	**N +5**	**> N +5**
Pierre & Vacances Tourisme Europe	585,781	114,867	100,001	90,531	77,124	61,729	141,529
Center Parcs France	1,542,098	195,532	193,655	182,509	180,046	178,062	612,294
TOTAL	**2,127,879**	**310,399**	**293,656**	**273,040**	**257,170**	**239,791**	**753,823**

Lease agreements for the Pierre & Vacances Tourisme Europe residences and villages entered into with private or institutional investors are usually signed for between 9 and 12 years with the option of renewal on expiry. The leases signed include a fixed rent payment. In certain cases, they can include, in addition to the fixed portion, a variable portion that remains marginal. These rents are subject to indexation clauses corresponding in France to the rent reference index and in Spain to the consumer price index applicable in the respective country.

The agreements to lease the land and buildings of the 24 villages operated under the Center Parcs and Sunparks brands are generally signed for periods of between 11.5 and 15 years, with the option of renewal. The rents are primarily comprised of a fixed element. They are subject to fixed (2.9%) or variable indexation reflecting inflation or the rent reference index applicable in the country in which the assets are located, with floor and ceiling rates usually between 1.75% and 3.75%, depending on the agreement.

- At 30 September 2017 other commitments given mainly comprised:
  - commitments given under the IT solutions and material outsourcing contract, totalling €24,123,000;
  - a guarantee not exceeding €7,077,000 given to Lagune following the company's acquisition of Center Parcs Allgaü GmbH;
  - a commitment, given as part of the Center Parcs Ardennen refurbishment plan, to buy back from Foncière des Murs any cottages that may still be unsold 24 months after the start of the operation. At 30 September 2017, this commitment totalled €3,145,000;
  - a €3,724,000 surety issued by PVSA to the State Treasury on behalf of Roybon Équipements SNC concerning the deferred payment of the Architecture, Urban Planning and Environment Council regional tax as well as the regional tax for sensitive natural areas;
  - a €2,298,000 surety issued by BNP Paribas to the State Treasury at the request of PV SA. In the letter of 17 March, asking for a surety to be issued, PV SA agreed to repay BNP Paribas any amount paid by it in the framework of said surety;
  - a surety bond of €1,697,000 issued by Pierre et Vacances SA to Bellin, on behalf of SNC Bois de la Mothe Chandenier Cottages for the payment of exterior work contracts for Center Parcs in the Vienne region;
  - a €1,555,000 guarantee issued by Pierre et Vacances SA to Bellin, on behalf of SNC Bois de la Mothe Chandenier Équipements for the payment of exterior work contracts for Center Parcs in the Vienne region;
  - an €11,952,000 parent company guarantee issued by Pierre et Vacances SA on behalf of certain joint ventures to cover the lease commitments entered into by said joint ventures. These commitments are also mentioned in the note on related party transactions in the annual report.

Commitments received

Completion guarantees are issued by banks with respect to property development programmes. The change in completion guarantees at 30 September 2017 resulted from:

- new guarantees issued during the year for a total amount of €77,510,000. The main programmes concerned were Méribel Ravines (€46,818,000); Les Senioriales – Rilleux la Pape (€7,691,000); Center Parcs 3 forêts (€6,733,000); Les Senioriales – Soustons (€5,194,000); Les Senioriales – Pollestres (€2,250,000); Les Senioriales – Bassens (€1,443,000) ;
- a total drop of €9,998,000 arising from the partial decrease in the amount, and end, of several guarantees during the year relating mainly to Les Senioriales – Medis (-€5,085,000), Les Senioriales – Nandy (-€2,868,000), Les Senioriales – Bruges (-€1,410,000).

Other commitments received mainly correspond to commitments given by banks on behalf of the property development and tourism companies. These commitments enable the latter to obtain the relevant professional licences in property management, property trading and business goodwill so that they can carry out their regulated business. At 30 September 2017, these commitments totalled €33,985,000.

Note 37 Remuneration of executive management and directors

Attendance fees paid to members of the Board of Directors in 2017 in respect of the 2016/2017 financial year amounted to €225,000 compared to €106,000 for the 2015/2016 financial year.

For the years ended 30 September 2017 and 30 September 2016, no salary(24) (including benefits of any kind) was paid to a corporate officer directly by Pierre et Vacances SA or by any of the Pierre & Vacances-Center Parcs Group companies controlled as defined in Article L. 233-16 of the French Commercial Code.

However, Société d'Investissement Touristique et Immobilier (a company indirectly owned by the Chairman, founder and majority shareholder of Pierre et Vacances SA), as an asset management company, invoiced for fees for the services rendered by Gérard Brémond, Martine Balouka, Thierry Hellin and Patricia Damerval. The fees invoiced by S.I.T.I. were calculated on the basis of direct costs (remuneration paid + related employer's expenses + other direct costs: travel expenses, cost of premises, secretarial expenses) plus a 5% margin and calculated prorata for the time spent by each individual on the management of the business of Pierre & Vacances-Center Parcs Group companies.

Since these people are on the Group Executive Management Committee, their remuneration is included in the table below:

(in €)	2016/2017	2015/2016
Fixed remuneration(1)	1,785,279	1,698,889
Variable remuneration(2)	723,951	710,336
Post-employment benefits(3)	32,892	28,619
Share-based remuneration(4)	952,579	636,757
TOTAL	**3,494,701**	**3,074,601**

(1) Amount paid including reinstatement of the benefit in kind involving the availability of a company car.
(2) Paid in the financial year following the year for which it is granted.
(3) This amount corresponds to the expense recognised during the financial year.
(4) Represents the annual share-based remuneration expense on grants of share options and bonus shares (theoretical measurement on the basis of the of Pierre et Vacances shares at the date of grant).

For each of them, the variable bonus is determined based on the financial performance of the Pierre & Vacances-Center Parcs Group and the achievement of personal objectives.

Note 38 Parent company

The Pierre & Vacances-Center Parcs Group's financial statements are fully consolidated into those of Société d'Investissement Touristique et Immobilier (S.I.T.I.).

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(24) With the exception a gross remuneration of €4,804 paid to Alma Brémond in respect of a fixed-term contract entered into with Center Parcs Resorts France.

Note 39 Related party transactions

The Group's related parties consist of:

- members of the administrative and management bodies: their remuneration and benefits are detailed in Note 37;
- the parent company of Pierre et Vacances (Société d'Investissement Touristique et Immobilier) and its subsidiaries which are not included in the Group's scope of consolidation;
- joint ventures consolidated using the equity method:
  - entities comprising the Villages Nature Group,
  - Adagio Group entities,
  - Various other entities, namely SAS Presqu'île de La Touques, Les Senioriales Ville de Castanet, Les Senioriales Ville de Tourcoing, SCI Montrouge Développement, Nuit & Jour Projections, Part House, SNC N.L.D., SNC Caen Meslin, SCCV Nantes Russeil and La Financière Saint-Hubert SARL, HNA PV Tourism company limited, SCCV Palaiseau RT and SCCV Toulouse Ponts Jumeaux A1.

The main transactions with related companies include:

- rent and administrative staff invoicing;
- the purchase of support and consulting services under the management agreement.

These transactions are completed under normal market conditions.

Related party transactions break down as follows:

(in € thousands)	30/09/2017	30/09/2016
Revenue	23,093	5,955
Purchases and external services	-35,165	-21,205
Other operating income and expenses	-9,089	-2,270
Net financial income (expenses)	244	176

Receivables and liabilities included in the statement of financial position linked to related parties are as follows:

(in € thousands)	30/09/2017	30/09/2016
Trade receivables	37,041	58,533
Other current assets	72,646	52,324
Trade payables	9,312	8,943
Other current liabilities	38,581	41,269

Off-statement of financial position commitments linked to related parties:

(in € thousands)	30/09/2017	30/09/2016
Guarantees and pledges	13,908	6,725
Rent commitments*	93,235	21,430
Commitments given	**107,143**	**28,155**
Guarantees and pledges	600	600
Completion guarantees	18,398	18,398
Commitments received	**18,998**	**18,998**

* *These commitments are covered by an €11,952,000 parent company guarantee granted by PV SA at 30 September 2017, compared with €13,787,000 at 30 September 2016 (see Note 36 – "Off-statement of financial position commitments").*

Note 40 Events after the 2016/2017 reporting period

Group governance

On 21 November 2017, Gérard Brémond proposed to the Group's Board of Directors the nomination of his son Olivier Brémond, 55 year-old, as CEO of the Pierre & Vacances-Center Parcs Group, with effect from 3 September 2018.

Olivier Brémond, under the chairmanship of Gérard Brémond, is to join the Group's General Management Committee made up of Martine Balouka-Vallette, Patricia Damerval and Thierry Hellin, who will maintain their current operating functions.

New ORNANE issuance and repurchase of existing ORNANE

On 30 November 2017, the Group successfully launched an issue of ORNANE convertible and/or exchangeable bonds for approximately €100 million, maturing April 1 2023.

The nominal value per ORNANE has been set to €60.67 representing an issue premium of 32.5% over Pierre et Vacances' reference share price,[25] i.e. 1,648,261 ORNANE issued;

This operation, mostly subscribed by long-term institutional investors, enabled the refinancing of the ORNANE convertible bonds maturing on 1 October 2019, at a lower interest rate (coupon of 2.00% vs. 3.50%.

(25) The reference share price is equal to the volume-weighted average price of Company's shares recorded on Euronext Paris from the opening of trading on 30 November 2017 until the close of trading on the same day, i.e. €45.7903.

4.2 Statutory auditors' report on the consolidated financial statements

Year ending 30 September 2017

To the Shareholders' meeting of Pierre et Vacances SA

Opinion

In compliance with the assignment entrusted to us by your Shareholders' Ordinary Meeting, we have conducted an audit of the accompanying consolidated financial statements of **PIERRE ET VACANCES** for the financial year ending 30 September 2017.

In our opinion, the consolidated financial statements give a true and fair view of the results of the Group's operations in the financial year just ended, as well as of its assets and liabilities and financial position, in accordance with IFRS accounting standards as adopted in the European Union.

The opinion formulated above is consistent with the contents of our report to the Audit Committee.

Basis of the opinion

Audit standards

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our responsibilities under these standards are shown in the "Responsibilities of the Statutory Auditors in auditing the consolidated financial statements" section of this report.

Independence

We conducted our audit assignment in accordance with applicable independence requirements, for the period from 1 October 2016 to the date on which our report was issued and, notably, we did not supply any services prohibited by Article 5, paragraph(1) of Regulation (EU) No. 537/2014 or by the code of ethics for Statutory Auditors.

Justification of our assessments – Key points of the audit

In application of the provisions of Articles L. 823-9 and R. 823-7 of the French Commercial Code on the justification of our assessments, please note the key audit points relating to the risks of material misstatement which, in our professional opinion, were the most significant for the audit of the consolidated financial statements as well as the responses that we gave in the light of such risks.

These assessments were made as part of our audit of the consolidated financial statements, taken as a whole, and when establishing our opinion as expressed above. We do not express an opinion on elements of these consolidated financial statements taken separately.

Evaluation of goodwill and brands:

Risk identified:

At 30 September 2017, goodwill and brands were recognised in the statement of financial position at a net carrying amount of €261 million, or 18% of total assets. These intangible assets are not amortised and are subject to impairment testing whenever there is an indication that they may be impaired and at least once a year at the end of the reporting period.

As shown in Note 6 to the consolidated financial statements, the annual impairment test is based on the recoverable amount of each group of assets tested, determined on the basis of discounted future cash flows, requiring the use of assumptions, estimates or assessments.

We considered the valuation of the recoverable amount of goodwill and brands to be a key point of our audit, given the relative significance of these assets in the Group's consolidated statement of financial position and the sensitivity of the recoverable amount to changes in the data and assumptions, particularly cash flow forecasts, discount rates and long-term growth rate used.

Our response:

We examined the impairment test procedures used by the Group.

We assessed the main estimates, in particular, the assumptions behind the cash flow forecasts, such as the long-term growth rate and discounting rates used. This work was carried out with the help of our evaluation experts.

We have been informed of the outlook for the Group's various businesses based on interviews with management to assess the consistency of the cash flow forecasts.

We analysed the relevance of sensitivity analyses to the key assumptions made by the Company and we also made our own sensitivity calculations to corroborate these analyses.

Recoverability of deferred tax assets in relation to tax loss carry forwards and tax risks

Risks identified:

At 30 September 2017, deferred tax assets for tax loss carry forwards stood at €91 million.

As shown in Note 33 to the consolidated financial statements, these deferred tax assets are only recognised if it is likely that the Group will have sufficient future taxable income against which to set such losses in a reasonable period of time.

The Group's capacity to recover its deferred tax assets within a reasonable time frame is assessed by management at the end of each financial year, taking into consideration forecasts for taxable profit from tourism business and property development programmes.

We considered the assessment of the recoverable amount of these tax assets to be a key point of our audit due to the significant judgments made by management in recognising these assets and the material amounts.

In addition, the Group's companies are inspected by the tax authorities on a regular basis, possibly giving rise to adjustments and disputes with such authorities. An estimate of the risk relating to each dispute is reviewed by the Group's tax department, where necessary, with the help of its external advisors. Ongoing proceedings related to Pierre et Vacances are described in note 33 to the consolidated accounts. In light of these proceedings and the degree of judgement required to assess the financial risk attached to this dispute, we considered the valuation of provisions for tax risks as a key point of our audit.

Our response:

Our approach consists of examining tourism business plans and forecasts for the completion of property development programmes to assess the Company's capacity to generate future taxable income against which to charge the tax losses activated.

We compared these business plans with the future cash flow forecasts used for annual goodwill and brand impairment tests.

We analysed the consistency of the methodology used to recognise deferred tax amounts with tax rules in force on the reporting date, notably with tax rates adopted and with rules limiting the amount of tax losses that can be set off against taxable income specific to each jurisdiction.

With a view to assessing the estimated risks associated with tax disputes, particularly with Pierre et Vacances, and measuring related liabilities, with the help of our experts, we held meetings with the Group's tax department and consulted the decisions made by, and the correspondence between, the local tax authorities, the Group entities in question and, where applicable, their lawyers. We checked to see that the latest developments had been taken into consideration when estimating these risks.

Property development programmes: Valuation of inventories and property margin

Risks identified:

At 30 September 2017, property inventory was recognised in the statement of financial position at €178.3 million and the property current operating result (including equity-accounted investments) amounts to -€11.9 million for the 2016/2017 financial year.

The accounting methods used to establish revenue, the property margin and the main estimates made by Management on the basis of this evidence, are shown in notes 1.25 and 1.26 to the consolidated financial statements.

The Group's property development business is mainly made in France based on off-plan sales contracts (VEFA), and in other countries through contracts with similar characteristics, through which the Group transfers ownership of future works as work is completed. Revenue and property development business margins are reported in the profit and loss using the percentage of completion method. In order to apply the percentage of completion method, the Group has defined the rate of completion by multiplying the percentage of construction progress ("technical progress rate"), i.e. the cost of the work completed in relation to the cost of the work budgeted, by the percentage of revenue from property sales signed at a notary's office ("commercial rate").

This method requires estimates from Management and, in particular, the measurement of margins upon completion, an assessment of the rate of technical progress and official sales for each operation.

In the case of loss-making contracts, a provision is recorded the year that the loss on completion is identified, which requires a valuation of the costs incurred and still outstanding to be made on each reporting date to identify the provisions to be set aside.

As shown in Note 1.14 to the consolidated financial statements, inventories of finished goods and work in progress are valued at the lower of their purchase price or production costs and their probable net realisable amount.

Given the significance of the inventories and the property margin in the Group's consolidated financial statements, we considered the valuation of these items to be a key point of our audit.

Our response:

Our audit approach consisted of reviewing the assumptions used by Management to assess the profit (loss) from property development operations and, in particular, assumptions relating to sale prices, construction costs, fees for services and internal costs.

The technical progress of the operations with significant property development margin was confirmed to us by the project managers responsible for the developments and we reconciled rates of sale with notarial deeds by performing detailed tests on fiscal year's sales.

We also examined the costs incurred and still outstanding on the largest projects so as to identify loss-making contracts and, if applicable, we reconciled these costs to the loss at completion on these contracts.

We paid particular attention to the valuation of inventories for projects not yet commercially launched as weel as for projects already delivered. For projects not yet commercially launched, we reviewed the existence of the prospect of profits, through interviews with the management and analyses of the budgets of the operation. For projects already delivered, we reviewed the anticipated selling price of lots retained in inventory with the selling price of lots signed at the notary.

Verification of the Group-related information contained in the management report

In accordance with French law, we have also verified, in accordance with professional standards applicable in France, the Group information presented in the Board of Directors' management report.

We have no matters to report as to their fair presentation and consistency with the consolidated financial statements.

Disclosures arising from other legal and regulatory requirements

Appointment of the Statutory Auditors

Given the close association between the firms, we were appointed as Pierre et Vacances Statutory Auditors by the Shareholders' Ordinary Meeting of 3 October 1988 for Grant Thornton and by the Shareholders' Ordinary Meeting of 29 May 1990 for Ernst & Young.

At 30 September 2017, Grant Thornton was acting as Statutory Auditor for the thirtieth consecutive year and Ernst & Young for the twenty eighth year, of which nineteen year since the Company's shares were listed for trading on a regulated market.

Responsibilities of the management and those charged with governance in relation to the consolidated financial statements

Management is responsible for preparing consolidated financial statements that give a true and fair view of the Company, in accordance with IFRS, as adopted in the European Union, as well as for putting in place the internal control that it considers necessary in order to prepare consolidated financial statements that are free of material misstatements, whether due to fraud or arising from errors.

When preparing the consolidated financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, for presenting in these financial statements, if applicable, the necessary information on its ability to continue as a going concern, and for preparing the financial statements on a going concern basis, unless there are plans to liquidate the Company or to cease its operations.

The Audit Committee is responsible for the financial reporting process and for monitoring the effectiveness of internal control and risk management systems, as well as, if applicable, for internal auditing, in terms of procedures for preparing and processing accounting and financial information.

The consolidated financial statements have been approved by the Board of Directors.

Responsibilities of the Statutory Auditors in auditing the consolidated financial statements

Audit objectives and procedures

We are responsible for preparing a report on the consolidated financial statements. Our objective is to obtain reasonable assurance as to whether or not the consolidated financial statements are free of material misstatement. Reasonable assurance is a high level of assurance, however, it does not guarantee that an audit conducted in accordance with professional standards is systematically able to detect all material misstatements. Misstatements may be due to fraud or may be the result of errors and are considered to be material when such misstatements can reasonably be expected, when taken individually or as a whole, to influence the economic decisions taken by those who use the financial statements on the basis of said statements.

As stated in Article L. 823-10-1 of the French Commercial Code, our work to certify the financial statements does not consist of guaranteeing the viability or the quality of the management of your company.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercised their professional judgement throughout this audit. In addition:

- they identified and assessed the risk that the consolidated financial statements contained material misstatements, whether due to fraud or resulting from errors, designed and implemented audit procedures to deal with this risk and gathered what they considered to be sufficient and appropriate evidence on which to base their opinion. The risk of failing to detect a material misstatement due to fraud is higher than that arising due to errors, since fraud may involve collusion, falsification, deliberate omissions, false declarations or circumvention of internal control;
- they familiarised themselves with internal control relevant to the audit in order to design audit procedures that were appropriate in the circumstances and not for the purposes of expressing an opinion on the effectiveness of the internal control;

- they assessed the appropriateness of the accounting methods used and the reasonableness of the accounting estimates made by management, as well as the related information in the consolidated financial statements;
- they assessed the appropriateness of management's application of the going concern accounting convention and, on the basis of the evidence gathered, they assessed whether or not there was material uncertainty surrounding events or circumstances likely to affect the Company's ability to continue as a going concern. This assessment was based on the evidence gathered up until the date of their report, on the understanding that subsequent circumstances or events could impact on the Company's ability to continue as a going concern. If the auditors conclude that there is material uncertainty, they draw the attention of the readers of their report to the information supplied in the consolidated financial statements regarding this uncertainty or, if this information is not provided or is not relevant, they formulate a certification with reservations or refuse to provide certification;
- they assess the presentation of the consolidated financial statements as a whole and decide whether the consolidated financial statements are an accurate reflection of underlying transactions and events;
- regarding financial disclosures in relation to persons or entities included within the scope of consolidation, the Statutory Auditors gather such evidence as they deem sufficient and appropriate to express an opinion on the consolidated financial statements. They are responsible for managing, supervising and performing the audit of the consolidated financial statements as well as for the opinion expressed on these financial statements.

Report to the Audit Committee

We presented a report to the Audit Committee showing, notably, the scope of the audit and the schedule of the work conducted, as well as the findings of our work. We also brought to its attention, where applicable, the material internal control weaknesses that we have identified in relation to the preparation and processing of financial and accounting information.

The report to the Audit Committee includes what we consider to be the greatest risks of material misstatements in relation to the audit of the consolidated financial statements for the financial year and which, as a result, constitute the key points of the audit. These points are described in this report

We are also supplying the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014 confirming our independence, within the meaning of the rules applicable in France as they are set, in particular, by Articles L. 822-10 to L. 822-14 of the French Commercial Code and by the code of ethics for Statutory Auditors. Where applicable, we have talked to the Audit Committee about the risks impacting on our independence and the safeguards applied.

Neuilly-sur-Seine and Paris-La-Défense, France, 14 December 2017

GRANT THORNTON French member of Grant Thornton International	ERNST & YOUNG et Autres
Virginie PALETHORPE	Bruno BIZET

4.3 Parent company financial statements

4.3.1 Income statement

Items *(in € thousands)*	**Notes**	**2016/2017**	**2015/2016**
Sales of services		17,051	12,485
Net revenue		**17,051**	**12,485**
Capitalised production			
Operating subsidy			
Reinvoiced expenses and reversals of write-offs and provisions	15	14,897	14,339
Other income	6	275	5,810
Operating profit (loss)		**32,223**	**32,634**
Other purchases and external expenses		28,940	25,965
Income and other taxes		403	622
Wages and salaries			
Social security expenses		944	1,001
Depreciation and amortisation		2,297	3,872
Provisions for non-current assets			
Provisions for current assets		5	47
Provisions for risks and charges			
Other operating expenses	6	451	6,005
Operating expenses		**33,040**	**37,512**
OPERATING PROFIT (LOSS)	**12 & 15**	**-817**	**-4,878**
Financial income from associates and other long-term equity investments		24,912	53,412
Income from other securities and non-current assets loans			
Other interest income		8,068	8,893
Reinvoiced expenses and reversals of provisions	15	41,332	46,129
Foreign exchange gains			
Net gain on disposals of marketable securities		64	47
Financial income		**74,376**	**108,481**
Amortisation and provisions on financial assets		2,981	367
Interest expense		23,099	13,406
Net (loss) on disposals of marketable securities		41	29
Other financial expenses			1
Financial expenses		**26,121**	**13,803**
FINANCIAL INCOME (EXPENSE)	**13 & 15**	**48,255**	**94,678**
PROFIT (LOSS) FROM ORDINARY ACTIVITIES, BEFORE TAX		**47,438**	**89,800**

Items *(in € thousands)*	**Notes**	**2016/2017**	**2015/2016**
Non-recurring income from management transactions			
Non-recurring income from capital transactions		5,579	5,206
Reinvoiced expenses and reversals of provisions			
Non-recurring income		**5,579**	**5,206**
Non-recurring expenses on management transactions		2,733	291
Non-recurring expenses on capital transactions		5,588	5,206
Non-recurring depreciation, amortisation and impairment			
Non-recurring expenses		**8,321**	**5,497**
NON-RECURRING PROFIT (LOSS)	**14 & 15**	**-2,742**	**-291**
Employee profit-sharing			
Income tax	16	-8,431	-31,878
TOTAL INCOME		**112,178**	**146,321**
TOTAL EXPENSES		**59,051**	**24,934**
NET INCOME		**53,127**	**121,387**

4.3.2 Balance sheet

Assets

Items *(in € thousands)*	Notes	Gross Amount	Amort., & Prov.	Net 30/09/2017	Net 30/09/2016
Intangible assets	**1**	**22,635**	**20,384**	**2,251**	**1,408**
Property, plant, and equipment	**1**				
Other non-current assets		6,520	6,251	269	210
Assets in progress					
Financial assets	**1, 2, 4**				
Other long-term equity investments		557,679	2,197	555,482	514,728
Other financial assets		107		107	2,320
NON-CURRENT ASSETS		**586,941**	**28,832**	**558,109**	**518,666**
Advances and prepayments to suppliers		15		15	5
Trade receivables	4 & 5	9,664	135	9,529	8,112
Other receivables	3, 4, 5	505,911	69	505,842	498,708
Marketable securities	6	5,541		5,541	5,704
Cash and cash equivalents	6	661		661	5,923
Prepaid expenses	4 & 10	3,408		3,408	3,329
CURRENT ASSETS		**525,200**	**204**	**524,996**	**521,781**
Deferred expenses	11	3,721		3,721	5,562
OVERALL TOTAL		**1,115,862**	**29,036**	**1,086,826**	**1,046,009**

Liabilities

Items *(in € thousands)*	**Notes**	30/09/2017	**30/09/2016**
Issued capital		98,017	98,017
Additional paid-in capital, merger premium, contribution premium, etc.		21,330	21,330
Statutory reserve		9,802	8,822
Other reserves		2,308	2,308
Retained earnings		688,975	568,568
Profit (loss) for the year		**53,127**	**121,387**
EQUITY	**7**	**873,559**	**820,432**
Provisions for risks			
Provisions for charges		7,001	4,417
PROVISIONS FOR RISKS AND CHARGES	**2**	**7,001**	**4,417**
Financial liabilities			
Outstanding bond issue	4	141,990	177,521
Amounts due to credit institutions			
Sundry loans and long-term borrowings	4 & 8	19,722	21,024
Operating liabilities			
Advances and deposits on orders in progress	4 & 5		2
Trade payables	4 & 5	11,379	10,900
Tax and social security liabilities	4	12	30
Sundry liabilities			
Amounts due to suppliers of non-current assets			
Other liabilities	4 & 9	33,163	11,683
Accruals			
Deferred income			
TOTAL LIABILITIES		**206,266**	**221,160**
OVERALL TOTAL		**1,086,826**	**1,046,009**

Proposed allocation of profit and distribution of dividends for the year

Net of all expenses, taxes, depreciation and amortisation, the parent company financial statements show an accounting profit of €53,127,070.31.

We propose allocating the profit for the financial year as follows:

- retained earnings (accumulated losses) 53,127,070.31 euros.

Following this allocation of profit, equity will break down as follows:

share capital (9,801,723 x €10)	€98,017,230.00
issue premiums	€21,274,531.39
merger premiums	€55,912.36
statutory reserve	€9,801,723.00
other reserves	€2,308,431.46
retained earnings	€742,101,554.42
Total	**€873,559,382.63**

4.3.3 Notes to the parent company financial statements

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Total assets before allocation reported in the statement of financial position at 30 September 2017 *(in €)*:	**1,086,826,348.81**
Profit for the year reported in the income statement *(in €)*:	**53,127,070.31**

The amounts presented in these notes are in € thousands.

The reporting period lasts for 12 months, from 1 October 2016 to 30 September 2017.

These annual financial statements will be approved by the Board of Directors on 21 November 2017.

Highlights of the financial year

Pierre & Vacances-Center Parcs Group fiftieth anniversary celebration

Created in 1967 by its Chairman-CEO, Gérard Brémond, the Pierre & Vacances-Center Parcs Group celebrated its 50th anniversary this year. Numerous events were organised with the Group's customers, its various partners and its 12,000 staff members.

The Group is the leader in tourism residences and resorts in Europe. This position adds weight to both its brands and its business model, internationalised to respond to changes in economic, technologic and societal conditions.

Development of the tourism offering

Villages Nature® Paris

On 10 October 2017, the Euro Disney S.C.A. and Pierre & Vacances-Center Parcs groups inaugurated Villages Nature® Paris, the first European eco-tourism destination located 32km away from Paris and 6km away from Disneyland® Paris.

The first development covering 120 hectares comprises 868 apartments and cottages and five recreational universes for discovery and relaxation (the Aqualagon, the Lakeside Promenade, the Extraordinary Gardens, the BelleVie Farm, the Legendary Forest).

The next phase will be the building of around 250 additional cottages.

Expansion of the Center Parcs Domaine des Trois Forêts in Moselle

On 20 October 2017, the Group inaugurated 141 new cottages at the Domain des Trois Forêts, as well as the "Forest Lodge" welcome and reception area and Ze Place, offering original sports activities.

The Domain des Trois Forêts is also developing its wellness offer with a Deep Nature® spa which is due to open in autumn 2018.

Center Parcs Roybon project (Isère)

Plans to set up a Center Parcs village in the commune of Roybon in Isère met with opposition from certain associations. Opponents to this project filed appeals against prefectoral decrees signed in October 2014 authorising the project in terms of the "water law" and the "protected species law".

On 16 December 2016, the Court of Appeal of Lyon:

- confirmed the project's status as being "of major public interest" and upheld the prefectoral order authorising the project under the protected species derogation. This order is now final and can no longer be appealed by its opponents within the required time frames;
- confirmed the annulment of the prefectoral order issued under the water law, the compensatory measures in respect of wetlands impacted by the project, proposed by the Group, being deemed non-compliant with SDAGE guidelines [26].

On 20 February 2017, the Pierre & Vacances-Center Parcs Group lodged an appeal before the French Council of State (Conseil d'État) in relation to the disputed "water law". To date, this appeal has been submitted for preliminary investigation.

Development opportunities in China

The Pierre & Vacances-Center Parcs group signed :

- On 15 June 2017, agreements on the construction of two resorts inspired by Center Parcs in partnership with the HNA Tourism Group, of two residences developed by property developer Riverside, as well as a letter of intent concerning the development of a residence in the Thaiwoo ski station developed by *Chongli Thaiwoo Lifestyle Properties Co. Ltd*.;
- On 6 September 2017, an agreement on the construction of a residence in the Shanghai region in partnership with *Joyon* ;
- On 3 November 2017, an agreement on the construction of a resort in the Shanghai-Nanjing region in partnership with *Huijin Holding* ;
- On 20 November 2017, an agreement on the construction of the residence in the Thaiwoo ski station.

These projects are due to open from 2019/2020.

Early conversion of ORNANE [27]

As of 28 November 2017, 1,647,063 ORNANE issued in February 2014 have been the subject of early conversion requests (out of an initial issue of 3,157,606 securities). The Group has chosen to redeem these bonds in cash [28].

On 30 September 2017, redemptions made correspond to 959,070 ORNANE.

(26) *Water Development and Management Master Plan.*
(27) *Bonds convertible and/or exchangeable into new or existing shares.*
(28) *Redemption based on the average Pierre et Vacances share price during the 20 trading days after the date on which the Group decided on the conversion procedures.*

Accounting principles and methods

Accounting principles and methods – The annual financial statements are presented in accordance with the provisions of the 2014 French General Chart of Accounts (Plan comptable général) (Regulation 2014-03 of 5 June 2014 of the French Accounting Standards Authority, or Autorité des Normes Comptables, approved by ministerial order of 8 September 2014).

Generally accepted accounting principles have been applied, including the principle of prudence, in accordance with the following basic assumptions:

- going concern;
- consistency of accounting methods from one financial year to the next;
- independence of financial years;

and in accordance with professional standards.

The main measurement methods relate to the following:

- property, plant and equipment and intangible assets. These are measured at their acquisition cost, at their contribution value or at their construction cost.

With the exception of goodwill, other property, plant and equipment and intangible assets are depreciated or amortised using the straight-line method, over their economic lives established as follows:

Concessions, patents	5 years
General installations	10 years
Office furniture and equipment	3 to 10 years

The depreciation or amortisation thus calculated is included in operating profit or loss.

- Investments in associates and other long-term equity investments. These are valued at their purchase price or at their contribution value, less any accumulated impairment losses recorded if the net asset value falls below the carrying amount.

At each year-end, the net asset value is determined according to the share of equity, adjusted if necessary to take into account the intrinsic value of the companies calculated on the basis of discounted future net cash flows. Cash flow projections come from the five-year business plans developed by operational and financial managers. For periods beyond five years, they are estimated using a perpetual growth rate. The discount rate used is based on the average cost of capital reflecting current market assessments of the time value of money and the risks specific to the activities of the companies evaluated.

- Loans and other financial assets. This item essentially includes the amount of deposits paid to our partners.
- Trade receivables. A provision is made for risk of non-recovery of receivables when a debtor shows a risk of insolvency or disputes the basis of receivables or when payments are unusually delayed. The provisions are based on an individual assessment of this risk of non-recovery.
- Other receivables. These include, in particular, tax receivables, VAT, Group current accounts, sundry receivables and accrued income.
- Marketable securities. These are recognised at their acquisition cost. They are subsequently measured at the lower of their acquisition cost and their market value.
- Pierre et Vacances treasury shares are reported:
  - as assets on the statement of financial position under "Marketable securities", when these shares are explicitly reserved, on acquisition, either to be granted to employees or to stimulate the market under the liquidity agreement; or
  - otherwise as long-term equity investments.
- Prepaid expenses and deferred income. This item principally comprises operating income and expenses.
- Deferred expenses. Such expenses correspond to debt issuance costs.
- In the event of a likely cash redemption of the ORNANE bond, at the end of the financial year, when the best redemption price is higher than the issue price, a provision for risks and charges is booked for the difference between this best estimate and the issue price.
- Inclusion of subsidiary profit (loss): in accordance with statutory provisions, profit or loss of subsidiaries in the form of a partnership exempt from corporate income tax are included in the same year.

Additional information on the statement of financial position and income statement

Note 1 Non-current assets

Tangible and intangible assets	30/09/2016	Acquisitions	Disposals and retirements	30/09/2017
Intangible assets				
Brand names, concessions, patents	1,347	804	-95	2,056
Businesses goodwill	19,470	-	-	19,470
Other intangible assets	-	-	-	-
Intangible assets in progress	683	1,109	-683	1,109
TOTAL INTANGIBLE ASSETS	**21,500**	**1,913**	**-778**	**22,635**
Property, plant, and equipment				
Miscellaneous fixtures	4,528	76	-	4,604
Office and computer equipment, and furniture	2,765	53	-902	1,916
TOTAL PROPERTY, PLANT, AND EQUIPMENT	**7,293**	**129**	**-902**	**6,520**
Financial assets				
Long-term equity investments and related loans and receivables	557,691	36	-48	557,679
Loans and other financial assets	2,320	75	-2,288	107
TOTAL FINANCIAL ASSETS	**560,011**	**111**	**-2,336**	**557,786**
TOTAL GROSS TANGIBLE AND INTANGIBLE ASSETS	**588,804**	**2,153**	**-4,016**	**586,941**

Depreciation, amortisation and impairment	30/09/2016	Increases	Reductions	30/09/2017
Brand names, concessions, patents	622	387	-95	914
Businesses goodwill	19,470	-	-	19,470
Other intangible assets	-	-	-	-
TOTAL INTANGIBLE ASSETS	**20,092**	**387**	**-95**	**20,384**
Property, plant, and equipment				
Miscellaneous fixtures	4,319	62	-	4,381
Office and computer equipment, and furniture	2,764	8	-902	1,870
TOTAL PROPERTY, PLANT, AND EQUIPMENT	**7,083**	**70**	**-902**	**6,251**
Financial assets				
Long-term equity investments and related loans and receivables	42,963	-	-40,766-	2,197
Loans and other financial assets	-	-	-	-
TOTAL FINANCIAL ASSETS	**42,963**	**-**	**-40,766**	**2,197**
TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT	**70,138**	**457**	**-41,763**	**28,832**
TOTAL NET TANGIBLE AND INTANGIBLE ASSETS	**518,666**	**1,696**	**-37,747**	**558,109**

The net increase in the value of tangible and intangible assets (€39,443,000) in the year was mainly due to:

- the reversal of the provision for impairment of the equity interest in the subsidiary Pierre & Vacances Tourisme Europe in the amount of €40,766,000, thereby reducing the net value of the shares to €422,130,000. This reversal includes, first, the 2016/2017 accounting results of the Pierre & Vacances and Center Parcs tourism business, and uses the 8.5% discount rate determined on 30 September 2017, which was identical to that determined on 30 September 2016, for purposes of calculating the value of use based on discounted future net cash flows;
- repayment of the deposit paid to an external provider in connection with the renovation of Port Zelande in the amount of €2,200,000;
- a net increase in IT projects underway, in the amount of €426 million.

Note 2 Provisions

	30/09/2016	Increases	Reductions used	Reductions not used	30/09/2017
Provisions for risks and charges	4,417	2,951		367	7,001
Provisions for impairment losses					
◆ *Goodwill*	*19,470*				*19,470*
◆ *Investments in associates and other long-term equity investments*	*42,963*			*40,766*	*2,197*
◆ *Trade receivables-*	*179*	*5*	*3*	*46*	*135*
◆ *Current accounts*	*38*	*31*			*69*
OVERALL TOTAL	**67,067**	**2,987**	**3**	**41,179**	**28,871**

At 30 September 2017, provisions consisted of the following:

Provisions for risks and charges, corresponding:

- to the provision relating to the options exercised as part of the early redemption of 327,436 notes redeemable for cash or for new or existing shares (known as "ORNANE"), for a total amount of €2,730,000, corresponding to the difference between the probable cash redemption price for each "ORNANE" and its issuance price of €36.42, received up to 20 October but not yet paid;
- to provisions covering the negative net positions of the following subsidiaries:
  - Orion SAS in the total amount of €3,767,000,
  - Support Services BV in the total amount of €504,000.

Provisions for impairment losses on goodwill from internal restructuring totalling €19,470,000.

Provisions for impairment losses on investments in associates and other long-term equity investments relate to the following:

- €1,087,000 for Pierre & Vacances Maroc;
- €1,054,000 for Part House Srl;
- €38,000 for Orion SAS;
- €18,000 for Support Services BV.

The reversal of €40,766,000 relates to the equity securities of Pierre & Vacances Tourisme Europe discussed in Note 1.

Provisions for impairment losses on other assets correspond to:

- €135,000 for trade receivables;
- the impairment loss on the current account of Part House Srl for €69,000.

Note 3 Other receivables

	30/09/2017	30/09/2016
CURRENT ACCOUNTS	**490,980**	**460,010**
Pierre & Vacances FI SNC	*428,463*	*432,516*
Les Villages Nature de Val d'Europe SAS	*52,717*	*15,205*
Adagio SAS	*4,331*	*6,336*
Pierre et Vacances Maroc	*5,033*	*5,571*
Part-House Srl	*436*	*382*
STATE AND OTHER PUBLIC AUTHORITIES	**8,165**	**8,651**
OTHER RECEIVABLES AND MISCELLANEOUS ACCOUNTS IN DEBIT	**6,766**	**30,085**
TOTAL	**505,911**	**498,746**

Receivables in current accounts primarily consist, first, of the receivable owed to Pierre et Vacances FI SNC, a subsidiary of Pierre et Vacances SA, which carries out centralised cash management for all of the group's subsidiaries, and, second, of the receivable owed to Les Villages Nature de Val d'Europe SAS.

In addition, following the disposal by PV Morocco of its entire stake in SDRT Immo to the *Caisse des Dépôts du Maroc*, the Company expects no risk on the current account concerning PV Morocco.

Amounts due from the State and other public authorities primarily correspond to:

- the VAT credit vested as of 30 September 2017, for a total of €2,295,000 (as compared with €3,055,000 in consolidated VAT credits as of the end of the previous financial year);
- the Competitiveness and Employment Tax Credit (CICE) of €5,095,000 accrued by the company as the head of the tax group for 2016 (versus €4,805,000 at the previous year-end);
- input VAT of €636,000 (versus €633,000 at the previous year-end);
- family tax credits of €69,000.

The "Other receivables" item primarily relates to sums owed to Pierre et Vacances SA by subsidiaries:

- €2,607,000 in income tax in its capacity as head of the consolidated tax group, compared with €26,129,000 for the previous year;
- €3,450,000 in consolidated VAT for September 2017 (compared with €2,985,000 for September 2016).

Note 4 Schedule of maturities of receivables and liabilities

Receivables	Amount	Due date: less than 1 year	Due date: more than 1 year
Other financial assets	107		107
Advances and prepayments to suppliers	15	15	
Trade receivables	9,664	9,664	
State and other public authorities	8,165	8,165	
Group and associates	490,980	490,980	
Other receivables	6,766	6,766	
Accruals	3,408	3,408	
	519,105	**518,998**	**107**

In its accounts for the period ended 30 September 2017, Pierre et Vacances SA's balance sheet includes a receivable from the State for a Group VAT credit for the month of September 2017 in the amount of €2,295,000

The members of the consolidated VAT group as of 30 September 2017 are:

- C.T.M. SAS (formerly Pierre et Vacances Investissement XXXXIII SAS);
- Center Parcs Resorts France SAS;
- Club Hôtel SARL;
- Club Hôtel Multivacances SAS;
- Commerces Patrimoine Cap Esterel SNC;
- Curchase SAS (Formerly Pierre et Vacances Investissement XXXXVI SAS);
- Domaine du Lac de l'Ailette SNC;
- GIE PV-CP Services;
- Le Rousset Equipement SNC;
- Lille loisirs SNC;
- Maeva Gestion SARL (Formerly Société de Gestion des Mandats SARL);
- Orion SAS;
- Pierre et Vacances SA;
- Pierre et Vacances Esterel Développement SAS;
- Pierre et Vacances Investissement XXIV SAS;
- Pierre et Vacances Investissement XXXXVII SAS;
- Pierre et Vacances Marques SAS;
- PV Rénovation Tourisme SAS;
- Pierre et Vacances Tourisme Europe SAS;
- Pierre et Vacances Senioriales Gestion Immobilière Investissement SAS;
- Pierre et Vacances Senioriales Programmes Immobiliers SAS;
- Poligny Cottages SNC;
- Poligny Equipements SNC;
- PV Prog 49 SNC;
- PV-CP City SAS;
- PV-CP Distribution SA;
- PV-CP Gestion Exploitation SAS;
- PV-CP Holding Exploitation SAS;
- PV Résidences et Resorts France SAS;
- SGRT SARL;
- Société d'Exploitation Touristique Pierre et Vacances Guadeloupe SAS;
- Société d'Exploitation Touristique Pierre et Vacances Martinique SAS;
- Société Hôtelière de l'Anse à la Barque SNC;
- Sogire SA;
- Sud Ouest Cottages SNC;
- Sud Ouest Equipements SNC.

TOTAL LIABILITIES	Amount	Due date: Less than 1 year	Due date: 1 to 5 years	Due date: More than 5 years
Bond issue	141,990	1,919	80,071	60,000
Sundry loans and long-term borrowings	19,722	19,296		426
Advances and deposits on orders in progress				
Trade payables	11,379	11,379		
Tax and social security liabilities	12	12		
Other liabilities	33,163	33,163		
	206,266	**65,769**	**80,071**	**60,426**

At 30 September 2017, the bond issue item comprises:

- the outstanding balance of the ORNANE-type bond issued on 4 February 2014 with a principal amount of €115,000,000 and maturing on 1 October 2019. During the financial year, the holders of 959,070 "ORNANEs" requested early conversion. All of these requests were redeemed in cash based on the average Pierre et Vacances share price during the 20 trading days after the date on which the Group decided on the conversion procedures, resulting in a financial expense of €12,110,000.

  Given the conversion requests received since the end of the financial year, 327,436 bonds had been provisioned at 30 September 2017, for a total of €2,730,000 (see Note 2).

  The remainder consists of €80,071,000 in principal representing 2,198,536 "ORNANEs" and €1,403,000 in interest accrued;
- the bond issued in the form of an unlisted "Euro PP" private placement on 19 July 2016 with a principal amount of €60,000,000 and maturing in December 2022. This issue, with a 4.25% coupon, was subscribed for by French institutional investors. At the end of the reporting period, interest accrued on this bond issue totalled €516,000.

None of Pierre et Vacances SA's bank borrowings are based on its or the Group's rating. Amounts due to credit institutions include contractual clauses relating to the consolidated financial position of the Pierre & Vacances-Center Parcs Group. These ratios are adjusted to the repayment profile for these loans. The level and definition thereof have been fixed in consultation with the lenders on the basis of forecasts. Compliance with these ratios is assessed only once a year at the reporting date. Failure to comply with these ratios authorises the lenders to call in some or all of the debt early. These credit lines are also all provided with the usual legal covenants: "negative pledge", "pari passu" and "cross default".

Note 5 Accrued income and expenses

Accrued income	30/09/2017	30/09/2016
Customers	8	101
Accrued Competitiveness and Employment Tax Credit (CICE) for the year	129	93
	137	**194**

Accrued expenses	30/09/2017	30/09/2016
Suppliers	832	1,849
Interest accrued on loans and borrowings	1,919	2,521
Attendance fees	268	155
State	10	13
Other	342	25
	3,362	**4,563**

Note 6 Marketable securities and cash

During the 2016/2017 financial year, the Pierre & Vacances-Center Parcs Group vested 7,574 treasury shares under employee bonus share plans dating from 2014.

The cost for the Company during 2016/2017 of distributing these shares was entirely rebilled during the same year to the subsidiaries that employ the beneficiaries of the shares.

Marketable securities, which amounted to €5,541,000 at 30 September 2017, consist exclusively of treasury shares.

At 30 September 2017, the Company held:

- 262,442 treasury shares intended to be granted to employees and totalling €5,436,000;
- 2,346 shares acquired to adjust the stock market price, for an amount of €105,000.

Cash and cash equivalents amounted to €661,000 at 30 September 2017, compared with €5,923,000 at the end of the previous year.

Note 7 Changes in Equity

	Share capital	Additional paid-in capital	Reserves and retained earnings	Profit (loss) for the year	Total
EQUITY AT 30 SEPTEMBER 2015	**88,215**	**8,691**	**506,638**	**73,060**	**676,604**
Capital increase	9,802	12,639			22,441
Dividends paid					
Statutory reserve					
Retained earnings			73,060	-73,060	
Profit (loss) for the year				121,387	121,387
EQUITY AT 30 SEPTEMBER 2016	**98,017**	**21,330**	**579,698**	**121,387**	**820,432**
Retained earnings			121,387	-121,387	-
Profit (loss) for the year				53,127	53,127
EQUITY AT 30 SEPTEMBER 2017	**98,017**	**21,330**	**701,085**	**53,127**	**873,559**

During the previous financial year, on 30 March 2016, the Chinese Group, HNA Tourism, subscribed to a reserved rights issue representing 10% of the capital of Pierre et Vacances SA after the transaction, or 980,172 new shares at a price per share of €25.18. Once this transaction was complete, the individual equity interest and voting rights of S.I.T.I. (the holding company controlled by Gérard Brémond) were, respectively, 39.83% and 56.42% of Pierre et Vacances SA [29].

This subscribed capital increase was recorded in equity as of 30 September 2016 as:

- an increase in share capital of €9,802,000;
- an increase in the issue premium of €12,639,000, net of €2,240,000 in capital increase costs incurred by the Company.

Note 8 Sundry loans and long-term borrowings

	30/09/2017	30/09/2016
Current accounts	**19,296**	**20,598**
Société d'Investissement Touristique et Immobilier (S.I.T.I.)	19,296	20,598
Deposits received	**426**	**426**
TOTAL	**19,722**	**21,024**

Note 9 Other liabilities

	30/09/2017	30/09/2016
Payables relating to income tax consolidation	26,052	5,727
Payables relating to the VAT consolidation group	6,484	5,772
Sundry liabilities	627	184
TOTAL	**33,163**	**11,683**

Payables relating to tax consolidation are linked to the recognition by Pierre et Vacances SA of income tax advances resulting from tax consolidation in its capacity as parent company of the tax consolidation group.

Total liabilities relating to the VAT consolidation group are linked to the recognition of subsidiaries' VAT liabilities for the September 2017 VAT return submitted in its capacity as parent company of the tax consolidation group.

Sundry liabilities correspond primarily to attendance fees for the 2016/2017 financial year, for a total of €268,000, as well as to a provision of a NATIXIS revolving credit facility by the banking commission, for a total of €342,000.

(29) On the basis of share capital prior to the transaction, comprising 8,821,551 shares, representing 12,856,840 gross voting rights (data at 29 February 2016)

Note 10 Accruals

Assets	30/09/2017	30/09/2016
Rents and rental charges	2,086	1,975
Miscellaneous	1,322	1,354
TOTAL	**3,408**	**3,329**

The "Miscellaneous" item includes €1,269,000 in expenses relating to computer rental costs under licences and maintenance agreements at 30 September 2017.

Note 11 Deferred expenses

	30/09/2016	Increases	Reductions	30/09/2017
Bond issuance fees	2,879	-	1,241	1,638
Bank lending fees	2,683		600	2,083
TOTAL	**5,562**	**-**	**1,841**	**3,721**

The decrease in charges to be spread includes €1,241,000 in amortisation of the remaining balance of charges relating to the bond issues and to the "ORNANE".

Note 12 Breakdown of operating profit (loss)

	2016/2017	2015/2016
Services	10,507	5,941
Miscellaneous rentals	6,544	6,544
TOTAL REVENUE	**17,051**	**12,485**
Reinvoicing of expenses and fees	14,848	14,282
Miscellaneous	275	5,810
Reversal of provisions	49	57
TOTAL OPERATING INCOME	**32,223**	**32,634**
Rents and rental charges	7,900	7,433
Miscellaneous fees	12,438	7,818
Other purchases and external expenses	10,399	18,342
Depreciation, amortisation and impairment	2,303	3,919
TOTAL OPERATING EXPENSES	**33,040**	**37,512**
OPERATING PROFIT (LOSS)	**-817**	**-4,878**

Revenue for the 2016/2017 financial year mainly consisted of:

- €7,852,000 invoiced for services rendered to subsidiaries, primarily in connection with real estate development projects including the Center Parcs in Germany – in Allgäu (Baden Württemberg), in the amount of €3,105,000, and Hochsauerland, in the amount of €1,062,000 – and in the Netherlands – in Zandvoort, in the amount of €1,672,000, and Port Zelande, in the amount of €1,513,000.

  €5,941,000 invoiced for services rendered to subsidiaries, primarily as part of the development of their activities in relation to setting up the Center Parcs real estate programme in Allgäu in Germany (Baden Württemberg) in the amount of €4,057,000;
- €1,604,000 in invoices for commissions on guarantees of financial commitments given by the Company on behalf of its various subsidiaries;
- €6,544,000 in reinvoiced rent expenses representing the share of subsidiary entities for their occupation of premises at the Group's registered office in Artois, in the 19th arrondissement of Paris.

The operating loss for the financial year was €817,000 (compared with a loss of €4,878,000 in 2015/2016). This was the result of costs incurred by Pierre et Vacances SA to develop the Group's activities as a holding company.

Note 13 Financial income (expenses)

	2016/2017	2015/2016
Financial income from associates and other long-term equity investments	24,912	53,412
Reinvoiced expenses and reversals of provisions	41,332	46,129
Other interest income	8,068	8,893
Other financial income	64	47
FINANCIAL INCOME	**74,376**	**108,481**
Amortisation and provisions on financial assets	2,981	367
Interest expense	23,099	13,406
Net expense on disposals of marketable securities	41	29
Other financial expenses		1
FINANCIAL EXPENSES	**26,121**	**13,803**
FINANCIAL INCOME (EXPENSES)	**48,255**	**94,678**

Net financial income amounted to €48,255,000 for 2016/2017, compared with €94,678,000 for the previous year.

It is mainly composed of the following items:

- dividend income of €24,912,000 from subsidiaries, including:
  - €18,932,000 from Pierre & Vacances Tourisme Europe, a sub-holding company for European tourism activities for the Pierre & Vacances and Center Parcs brands,
  - €5,462,000 from PV Marques, a subsidiary owning the Group's brands (mainly Pierre et Vacances, Maeva and Multivacances), excluding the "Les Senioriales" brand and those operated by the Center Parcs sub-group,
  - €518,000 from the company PV Courtage;
- reversals of provisions for impairment losses and total transfers of expenses in the amount of €41,332,000 including, essentially:
  - €40,766 for shares in Pierre & Vacances Tourisme Europe, a sub-holding company for European tourism activities for the Pierre & Vacances and Center Parcs brands,
  - €367,000 relating to the improvement of the net position of the company PVCP Support Services BV;
- other interest income in the amount of €8,068,000, including €7,587,000 in interest on the current account held on behalf of Pierre et Vacances FI SNC, a subsidiary that provides centralised cash management for the Group;
- interest expenses in the amount of €23,099,000, notably including:
  - financial expenses relating to the redemption in cash of 959,070 "ORNANEs" for a total of €12,110,000,
  - interest on bank debt in the amount of €5,967,000, including €3,410,000 relating to the "ORNANE" bond issue subscribed during the financial year ended 30 September 2014, and €2,557,000 relating to the bond issue in the form of an unlisted "Euro PP" private placement issued on 19 July 2016,
  - interest expense and commissions on bank loans of €2,398,000,
  - interest expense and commissions on short-term financing of €1,712,000,
  - fees and commissions on guarantees in the amount of €470,000;
- amortisation and provisions in the amount of €2,981,000, including:
  - provisions for charges on subsidiaries' negative net positions, in the amount of €221,000 relating to Orion SAS and in the amount of €30,000 relating to Parthouse,
  - a provision for financial expenses in the amount of €2,730,000, to cover the capital loss resulting from the options exercised at the end of the financial year for the early redemption of "ORNANE"-type bonds.

Net financial expenses for 2015/2016 amounted to €94,678,000.

It mainly consisted of the following:

- dividend income of €53,412,000 from subsidiaries, including €22,882,000 from PVCP Immobilier Holding and €24,963,000 from Pierre et Vacances Tourisme Europe;
- interest income of €8,893,000 on current accounts, including €8,495,000 from Pierre et Vacances FI SNC;
- income of €46,129,000 relating to reversals of provisions for current account impairment losses from subsidiaries, including €25,000,000 for Pierre et Vacances Tourisme Europe and €19,770,000 for Pierre et Vacances FI SNC;
- financial expenses of €13,803,000, including, in particular:
  - interest expense and commissions on bank loans and Group financial debt of €5,031,000,
  - interest expense and commissions on short-term financing of €7,067,000,
  - fees and commissions and expenses on sureties and interest rate swaps of €851,000,
  - impairment losses on financial assets of €367,000.

Note 14 Non-recurring profit (loss)

	2016/2017	2015/2016
Non-recurring profit (loss) on management transactions	-2,733	-291
Non-recurring profit (loss) on capital transactions	-9	-
Non-recurring additions to/reversals of provisions and transfers of expenses	-	-
NON-RECURRING PROFIT (LOSS)	**-2,742**	**-291**

Non-recurring profit (loss) for the financial year consists primarily of the following:

- a non-recurring loss on management transactions for the year in the amount of €2,733,000, including €1,891,000 in expenses relating to the 50th anniversary celebration of the Pierre & Vacances-Center Parcs Group, as well as miscellaneous expenses and fees incurred in connection with its holding company activities, in the amount of €787,000;
- non-recurring profit (loss) on capital transactions of €-9,000 corresponding to the capital loss on the Company's sale of its subsidiaries C.T.M SAS and Maeva Holding SAS, for €29,000 and €10,000, respectively.

Note 15 Total transfers of expenses

	2016/2017	2015/2016
Borrowing costs reclassified to deferred expenses spread over the loan terms	-	3,832
Reinvoiced Head Office costs and services	10,905	6,559
Borrowing costs reclassified to financial income (expenses)	1,841	3,584
Operating expenses reclassified to non-recurring income (loss)	1,967	185
Reinvoiced miscellaneous expenses	135	122
TOTAL RECLASSIFICATIONS OF OPERATING EXPENSES	**14,848**	**14,282**
Reinvoiced bank guarantees	198	163
TOTAL TRANSFERS OF FINANCIAL EXPENSES	**198**	**163**
Reinvoiced non-recurring expenses	-	-
TOTAL TRANSFERS OF NON-RECURRING EXPENSES	**-**	**-**
TOTAL TRANSFERS OF EXPENSES	**15,046**	**14,445**

During the 2016/2017 financial year, €3,500,000 in indirect costs were reinvoiced to Center ParcEntwickelungsgesellschaft Germany Gmbh in the framework of the construction project of Center Parcs Allgäu in Germany.

During the previous financial year, €3,832,000 had been recorded in total transfers of expenses in respect of the restructuring of the Group's financial liabilities.

Note 16 Income tax

Pierre et Vacances SA is the head of the tax consolidation group that it set up on 1 October 1996.

At 30 September 2017, the members of this group were:

- C.T.M. SAS (formerly Pierre et Vacances Investissement XXXXIII SAS);
- Center Parcs Holding Belgique SAS;
- Center Parcs Resorts France SAS;
- Club Hôtel SARL;
- Club Hôtel Multivacances SAS;
- Commerces Patrimoine Cap Esterel SNC;
- Compagnie Hôtelière Pierre et Vacances SAS;
- Curchase SAS (Formerly Pierre et Vacances Investissement XXXXVI SAS);
- Du Nord au Sud Location SAS;
- La France du Nord au Sud SAS;
- Maeva Gestion SARL (Formerly Société de Gestion des Mandats SARL);
- Maeva Holding SAS (formerly Pierre et Vacances Investissement XXXXIX SAS);
- Orion SAS;
- Peterhof 2 SARL;
- Pierre et Vacances SA;
- Pierre et Vacances Conseil Immobilier SAS;
- Pierre et Vacances Courtage SARL;
- Pierre et Vacances Développement SAS;
- Pierre et Vacances Esterel Développement SAS;
- Pierre et Vacances FI SNC;
- Pierre et Vacances Investissement XXIV SAS;
- Pierre et Vacances Investissement XXXXVII SAS;
- Pierre et Vacances Marques SAS;
- Pierre et Vacances Rénovation Tourisme SAS;
- Pierre et Vacances Senioriales Gestion Immobilière Investissement SAS;
- Pierre et Vacances Senioriales Programmes Immobiliers SAS;
- Pierre et Vacances Tourisme Europe SAS;
- Pierre et Vacances Transactions SARL;
- PV-CP City SAS;
- PV-CP Distribution SA;
- PV-CP Finances SAS;
- PV-CP Gestion Exploitation SAS;
- PV-CP Holding Exploitation SAS;
- PV-CP Immobilier Holding SAS;
- PV Résidences et Resorts France SAS;
- PV Senioriales Exploitation SAS;
- PV Senioriales Promotion et Commercialisation SAS;
- SGRT SARL;
- SICE SNC;
- Société d'Exploitation Touristique Pierre et Vacances Guadeloupe SAS;
- Société d'Exploitation Touristique Pierre et Vacances Martinique SAS;
- Sogire SA;
- Tourisme Rénovation SAS.

Breakdown of the tax expense

Tax income from previous financial years	57
Tax passed on by subsidiaries	8,374
Net tax (benefit)	**8,431**

Each subsidiary in the tax consolidation group recognises its tax as if it were levied separately. Pierre et Vacances SA, as the parent company in the tax consolidation group, records the tax saving resulting from tax consolidation.

In the absence of a tax consolidation group, Pierre et Vacances SA would not have owed any corporate income tax for the 2016/2017 financial year.

The item "Tax income from previous financial years" includes the family tax credit provisioned during the 2016 calendar year, in the amount of €69,000.

In addition, further to the rulings handed down in July 2013 by the Administrative Court of Montreuil, Pierre et Vacances SA obtained a favourable outcome to its dispute with the French Tax Authorities relating to a tax inspection for the financial years 2003/2004, 2004/2005 and 2005/2006. On 17 March 2016, the Administrative Court of Versailles handed down two rulings upholding the company's position. This confirms Pierre & Vacances-Center Parcs's assessment of the absence of financial risk attached to this dispute. Nevertheless, on 19 May 2016, the French Tax Authority lodged an appeal before the Council of State. After being assigned to a Rapporteur in February 2017, the appeal lodged by the the French Tax Authority was upheld by the Council of State on 25 August 2017.

Note 17 Increases and reductions in the future tax liability

The overall taxable profit of the consolidation group led by Pierre et Vacances SA was €54,441,000 for 2016/2017, corresponding to a loss at the standard tax rate that may be carried forward.

The amount of tax loss carry forwards accrued by the tax consolidation group totalled €405,267,000 at 30 September 2017.

Note 18 Related companies

Statement of financial position items	Companies Related	Companies with which the company has an ownership interest
Net equity interests	553,732	1,750
Trade receivables	8,470	349
Other receivables*	440,629	57,048
Sundry loans and long-term borrowings*	-19,722	-
Trade payables	-7,065	-
Other liabilities	-32,536	-
Income and expense items		
Financial expenses	-318	-
Financial income	32,589	291
Non-recurring expenses	-402	-
Non-recurring income	-	-

* *These items, which are shown as a net value, are mainly composed of current accounts.*

Financial commitments and other information

Note 19 Off-statement of financial position commitments

Guarantees and pledges:	30/09/2017	30/09/2016
Lease payment guarantees	1,137,027	1,117,706
First-call guarantee to Sogefinerg (Ailette finance lease)	163,861	167,485
Guarantee given within the framework of contracts to outsource CPE IT solutions and equipment	24,123	30,960
Counter-guarantee given on behalf of Uniqua to Unicredit Bank Austria AG for the operating of a holiday residence in Vienna	1,200	1,200
Surety given on behalf of SNC Bois de la Mothe Chandenier Cottages to Bellin TP regarding exterior work (earthworks, wastewater treatment, roads, trenches, etc.) contracts for Center Parcs in the Vienne region	1,697	1,697
Surety given on behalf of SNC Bois de la Mothe Chandenier Équipements to Bellin TP regarding exterior work (earthworks, wastewater treatment, roads, trenches, etc.) contracts for Center Parcs in the Vienne region	1,555	1,555
Counter-guarantee issued to Société Générale on behalf of PV Exploitation Belgique to secure a leasehold agreement	685	685
Surety given to CACIB on behalf of SNC Presqu'île de la Touques Loisirs for the financing of the property development programme in Deauville	7,075	30,000
Surety issued to the town of Deauville on behalf of SNC Presqu'île de la Touques Loisirs for the acquisition of a property complex in Deauville	0	5,244
Surety given to Natixis on behalf of SAS Foncière Presqu'île de la Touques Loisirs for the financing of the property development programme in Deauville	7,418	5,525
Surety issued on behalf of the SNC Sud-Ouest Cottages under an unilateral sale agreement signed by Groupement Forestier du Domaine du Papetier, Mr Frezier and the Corbefin consortium	85	85
Surety on behalf of PVD SA to the local authority of Courseulles sur Mer for the purchase of land	159	159
Surety given to Eurosic Lagune SARL on behalf of CP Participations BV to guarantee all of its obligations in connection with the buyback of the shares of Center Parcs Allgau	7,077	0
Surety issued to BNP Paribas Leasing Solutions & Fortis Lease NV on behalf of PV Exploitation Belgique as part of the TV leasing agreement	0	39
Surety issued to SoGePi on behalf of PV Italia as part of the sale of Calarossa	413	413
Surety issued on behalf of SET PV Espana SL to Caixa Bank in connection with the opening of a credit line	1,689	0
First demand guarantee given to Foncière des Murs SCA on behalf of Center Parcs Ardennen to guarantee buybacks of unsold cottages on the Vielsam site	3,145	0
Surety issued on behalf of CP Algäu GMBH to Leutkircher Bank as part of the extension of the loan agreement	0	1,505
Surety issued on behalf of Bonnavista de Bonnemont to Caixa Bank in connection with the signing of a mortgage agreement	13,000	0
Surety issued to the Treasury on behalf of Roybon Équipements SNC concerning the deferred payment of the Architecture, Planning and Environment Council regional tax as well as the regional tax for sensitive natural areas	3,724	3,724
Mortgages:		
Mortgage on behalf of Les Senioriales – Bassens	3,600	0
Mortgage on behalf of Les Senioriales – Bruges	3,365	3,365
Mortgage on behalf of Les Senioriales – Nimes	3,000	3,000
Mortgage on behalf of Les Senioriales – Pollestres	3,800	0
Mortgage on behalf of Les Senioriales – Rilleux La Pape	1,500	0
Mortgage on behalf of Les Senioriales – Tousouse Pont Jumeaux	5,450	0
COMMITMENTS GIVEN	**1,394,648**	**1,374,347**
Guarantees and pledges:		
Rent guarantee deposit – Artois	1,869	1,795
Guarantee received from Accor for 50% of the counter-guarantee amount to Unicredit Bank Austria AG for the operating of a residence in Vienna	600	600
Guarantee deposit for additional parking spaces	13	13
COMMITMENTS RECEIVED	**2,482**	**2,408**
RECIPROCAL COMMITMENTS	**0**	**0**

Lease payment guarantees

Pierre et Vacances SA has provided guarantees totalling €1,137,027,000 as described below:

- to Green Buyco BV, a company outside the Group, owner of the land and buildings of seven Center Parcs Europe villages, for payment of rent by its operating subsidiaries. At 30 September 2017, outstanding rent commitments for the remaining term of the leases for these seven villages came to €447.2 million;
- to institutional investors for rent commitments related to the Center Parcs village in Bois Aux Daims, with an outstanding amount for the term of the leases of €161.5 million;
- to La Foncière des Murs for rent commitments related to the Sunparks villages, with an outstanding amount for the term of the leases of €126.6 million;
- for payment of rent for the village of Eemhof to the Dutch company Zeeland Investments Beheer, owner of the land and buildings of the village. Outstanding rent commitments for the remaining term of the lease came to €98.4 million;
- to the owner of the land and buildings of the Center Parcs village of Bostalsee in the Sarre region of Germany, together with Center Parcs Bungalowpark GmbH, for payment of rent owed by its operating subsidiary. Outstanding rent commitments for the remaining term of the lease came to €84.3 million;
- to Eurosic for rent commitments related to the Center Parcs village in Bois Francs, with an outstanding amount for the term of the leases of €145.7 million;
- to Eurosic for rent commitments related to the Center Parcs village in Chaumont, with an outstanding amount for the term of the leases of €25.2 million;
- to the owner of the land and buildings of the Center Parcs village of Butjadinger Küste in Tossens, Germany, together with Center Parcs Europe NV, for payment of rent owed by its operating subsidiary. Outstanding rent commitments for the remaining term of the lease came to €7.2 million;
- to Uniqua, owner of the residence in Vienne, for payment of 50% of outstanding rent commitments for the remaining term of the lease amounting to €5.0 million;
- to Spectrum Real Estate Gmbh, owner of the residence in Munich, for payment of 50% of outstanding rent commitments for the remaining term of the lease amounting to €4.8 million;
- to the individual owners of the Bonmont residence, for payment of outstanding rent commitments for the remaining term of the lease amounting to €1.5 million;
- to the owner of the Adagio residence in Liverpool, for the payment of 50% of rent owed by its operating subsidiary Adagio UK Limited. Outstanding rent commitments for the remaining term of the lease came to €1.1 million;
- to the owner of the Adagio residence in Cologne, for the payment of 50% of rent owed by its operating subsidiary Adagio Deutschland GmbH. Outstanding rent commitments for the remaining term of the lease came to €1.0 million;
- to Llopuig S.L., owner of the Tossa Del Mare residence, for payment of outstanding rent commitments for the remaining term of the lease amounting to €0.9 million;
- to Diesco De Restauracio S.L., owner of the Calacristal residence, for payment of outstanding rent commitments for the remaining term of the lease amounting to €0.1 million;
- to Eurosic Investments Spain, SOCIMI S.A.U., owner of the “Estartit Complex” residence, for payment of outstanding rent commitments for the remaining term of the lease amounting to €11.2 million;
- to Eurosic Investments Spain, SOCIMI S.A.U., owner of the El Puerto residence, for payment of outstanding rent commitments for the remaining term of the lease amounting to €8.6 million;
- to Eurosic Investments Spain, SOCIMI S.A.U., owner of the Terrazas residence, for payment of outstanding rent commitments for the remaining term of the lease amounting to €6.7 million.

First-call guarantee to Sogefinerg (Ailette finance lease)

Within the framework of the building of central facilities (tropical paradise, restaurants, bars, shops, sports and leisure facilities) at the new Center Parcs in Aisne, Pierre et Vacances signed a public service delegation agreement with the Conseil Général de l’Aisne, which delegates to Pierre et Vacances and its subsidiaries the design, building and operation of the leisure centre facilities. Furthermore, a tripartite agreement was signed between Pierre et Vacances, the Conseil Général de l’Aisne and a finance institution to set up the financing for this work. Part of the cost of building the facilities is being provided by a subsidy from the Conseil Général de l’Aisne. The remaining financing is based on the transfer of assets to the financial institution as an off-plan sale performed by a property development subsidiary indirectly owned by Pierre et Vacances. The transfer is supplemented by a lease of the facilities. In the framework of the finance lease for the facilities, Pierre et Vacances SA has granted a first-call guarantee of €163,861,000 that will be amortised over the term of the lease, i.e. until 31 December 2038. On this date, the Conseil Général will regain ownership of the facilities free of charge.

Reciprocal commitments

The derivative financial instruments contracted by the Pierre & Vacances-Center Parcs Group to manage interest rate risk no longer existed at the reporting date.

Registration of preferential right

The tax administration registered the preferential right of the Treasury resulting from a carry back receivable for €2,298,000 repaid to the Group, which would be called into question were the outcome of this dispute to be unfavourable.

The Group will mention the existence of an objection to this receivable in the margin of this registration.

Note 20 Parent company

The Company's financial statements are fully consolidated into those of Société d'Investissement Touristique et Immobilier – S.I.T.I. SA.

Note 21 Remuneration of executive management and directors

Attendance fees paid to members of the Board of Directors in 2017 in respect of the 2016/2017 financial year amounted to €225,000 compared to €106,000 for 2015/2016.

For the years ended 30 September 2017 and 30 September 2016, no salary[30] (including benefits of any kind) was paid to a corporate officer directly by Pierre et Vacances SA or by any of the Pierre et Vacances-Center Parcs Group companies controlled as defined in Article L. 233-16 of the French Commercial Code.

However, Société d'Investissement Touristique et Immobilier (a company indirectly owned by the Chairman, founder and majority shareholder of Pierre et Vacances SA), as an asset management company, invoiced for fees for the services rendered by Gérard Brémond, Martine Balouka, Thierry Hellin and Patricia Damerval. The fees invoiced by S.I.T.I. were calculated on the basis of direct costs (remuneration paid + related employer's expenses + other direct costs: travel expenses, cost of premises, secretarial expenses) plus a 5% margin and calculated prorata for the time spent by each individual on the management of the business of Pierre & Vacances-Center Parcs Group companies.

Since these people are on the Group Executive Management Committee, their remuneration is included in the table below:

	2016/2017	2015/2016
Fixed remuneration(1)	1,785,279	1,698,889
Variable remuneration(2)	723,951	710,336
Post-employment benefits(3)	32,892	28,619
Share-based remuneration(4)	952,579	636,757
TOTAL	**3,494,701**	**3,074,601**

(1) Amount paid including reinstatement of the benefit in kind involving the availability of a company car.
(2) Paid in the financial year following the year for which it is granted.
(3) This amount corresponds to the expense recognised during the financial year.
(4) Represents the annual share-based remuneration expense on grants of share options and bonus shares (theoretical measurement on the basis of the of Pierre et Vacances shares at the date of grant).

For each of them, the variable bonus is determined based on the financial performance of the Pierre & Vacances-Center Parcs Group and the achievement of personal objectives.

(30) With the exception a gross remuneration of €4,804 paid to Alma Brémond in respect of a fixed-term contract entered into with Center Parcs Resorts France.

Note 22 List of subsidiaries and equity investments

Subsidiaries, associates and other long-term equity investments	Share capital	Equity other than share capital (excluding profit)	Portion of capital held (in %)	Gross value of shares held
Subsidiaries (more than 50% of the capital held):				
PV-CP Immobilier Holding	31	6,371	100.00	64,965
Pierre et Vacances FI SNC	15	2,646	99.00	15
Part-House Srl	99	-224	55.00	1,054
Pierre et Vacances Courtage SARL	8	337	99.80	8
Orion SAS	38	-3,584	100.00	38
Curchase SAS	10	-20	100.00	10
Pierre et Vacances Investissement XXXXVII SAS	10	-20	100.00	10
PV CP Support Services BV	18	-522	100.00	18
Pierre et Vacances Maroc	161	1,445	99.99	4,159
Multi-Resorts Holding BV	18	275	100.00	18
Pierre et Vacances Tourisme Europe	52,590	117,130	100.00	422,130
Pierre et Vacances Marques SAS	62,061	3,282	97,78	60,686
PV-CP China Holding BV	2,718	-62	100.00	2,718
Pierre et Vacances Maeva Tourisme Haute Savoie SARL	8	1	100.00	8
Pierre et Vacances Investissement XXXXX SAS	10	0	100.00	10
Pierre et Vacances Investissement XXXXXI SAS	10	0	100.00	10
Pierre et Vacances Investissement XXXXXII SAS	10	0	100.00	10
Subsidiaries (more than 10% of the capital held):				
GIE PV-CP Services	150	2	28.00	42
Adagio SAS	1,000	8,119	50.00	500
Entwicklungsgesellschaft Ferienhauspark Bostalsee GmbH	100	61	59.95	20
Les Villages Nature de Val d'Europe SAS	2,018	-4,725	50.00	1,234
Villages Nature Management SARL	14	-8	50.00	15

Net carrying amount of shares held	Loans and receivables outstanding granted by the company and not yet paid back	Amount of deposits and endorsements given by the Company	Revenue before tax for the last financial year	Profit (loss) for the year ended	Dividends collected by the Company during the financial year	Comments
64,965	0	0	31	32,292	0	30/09/2017
15	428,463	0	0	1,994	0	30/09/2017
0	436	0	0	0	0	30/09/2017
8	0	0	1,283	822	518	30/09/2017
0	0	0	253	-220	0	30/09/2017
10	0	0	0	-4	0	30/09/2017
10	0	0	0	-3	0	30/09/2017
0	0	0	0	0	0	30/09/2017
3,073	5,033	0	0	-267	0	30/09/2017
18	0	0	0	-122	0	30/09/2017
422,130	0	0	0	4,036	18,932	30/09/2017
60,686	0	0	7,543	4,997	5,462	30/09/2017
2,718	0	0	0	-134	0	30/09/2017
8	0	0	0	0	0	30/09/2017
10						30/09/2017
10						30/09/2017
10						30/09/2017
42	0	0	0	0	0	30/09/2017
500	4,331	0	76,106	1,711	0	31/12/2016
20	0	0	0	-40	0	30/09/2017
1,234	52,717	0	37,248	956	0	30/09/2017
15	0	0	0	-3	0	30/09/2017

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Note 23 Events after the reporting period

Group governance

On 21 November 2017, Gérard Brémond proposed to the Group's Board of Directors the nomination of his son Olivier Brémond, 55 year-old, as CEO of the Pierre & Vacances-Center Parcs Group, with effect from 3 September 2018.

Olivier Brémond, under the chairmanship of Gérard Brémond, is to join the Group's General Management Committee made up of Martine Balouka-Vallette, Patricia Damerval and Thierry Hellin, who will maintain their current operating functions.

New ORNANE issuance and repurchase of existing ORNANE

On 30 November 2017, the Group successfully launched an issue of ORNANE convertible and/or exchangeable bonds for approximately €100 million, maturing April 1 2023.

The nominal value per ORNANE has been set to €60.67 representing an issue premium of 32.5% over Pierre et Vacances' reference share price,[31] i.e. 1,648,261 ORNANE issued;

This operation, mostly subscribed by long-term institutional investors, enabled the refinancing of the ORNANE convertible bonds maturing on 1 October 2019, at a lower interest rate (coupon of 2.00% vs. 3.50%.

4.3.4 Five-year financial summary

	Year ending 30 September				
Information type	**2013**	**2014**	**2015**	**2016**	**2017**
a) Share capital	88,215	88,215	88,215	98,017	98,017
b) Number of shares issued	8,821,551	8,821,551	8,821,551	9,801,723	9,801,723
c) Par value *(in €)*	10.00	10.00	10.00	10.00	10.00
II- Results of transactions					
a) Revenue before tax	9,481	12,708	16,482	12,485	17,051
b) Income before tax, depreciation, amortisation and impairment	-12,425	47,716	26,038	47,772	8,787
c) Income tax	-13,856	-10,011	-11,462	-31,878	-8,431
d) Income after tax, depreciation, amortisation and impairment	-113,490	30,309	73,060	121,387	53,127
e) Profits distributed	-	-	-	-	-
III- Earnings per share *(in €)*					
a) Income after tax, but before depreciation, amortisation and impairment	0.16	6.54	4.25	8.13	1.76
b) Income after tax, depreciation, amortisation and impairment	-12.87	3.44	8.28	12.38	5.42
c) Dividend per share	0.00	0.00	0.00	0.00	0.00
IV- Employees					
a) Number of employees					
b) Employee expenses, excluding benefits			None		
c) Employee benefit expenses					

(31) *The reference share price is equal to the volume-weighted average price of Company's shares recorded on Euronext Paris from the opening of trading on 30 November 2017 until the close of trading on the same day, i.e. €45.7903.*

4.3.5 Information on payment maturities

Accounts payable maturities

Maturity of accounts payable (in € thousands)	2016/2017	2015/2016
Past due	3,444	205
Not yet due - 0 to 30 days	7,067	8,820
Not yet due - 31 to 60 days	45	26
Not yet due + 60 days		0
Trade Payables	**10,556**	**9,051**
Accrued invoices	823	1,849
TOTAL ACCOUNTS PAYABLE	**11,379**	**10,900**

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Supplier and clients invoices past due

Invoices received and issued, past due as of 30 September 2017 and not yet paid

	Article D. I.- 1° : Invoices received, past due and not yet paid as of September 30 2017						Article D. I.- 2° : Invoices issued, past due and not yet paid as of September 30 2017					
Amounts in € thousands	**0 day (indicative)**	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**90 days and more**	**Total (1 day and more)**	**0 day (indicative)**	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**90 days and more**	**Total (1 day and more)**
(A) Classified as late payment												
Number of invoices	81					57	53					30
Amount (incl. VAT)	7,112	3,286	78	14	66	3,444	4,530	4,295	2	1	674	4,970
% of total purchases for the fiscal year (VAT excl.)	24 %	11 %	0 %	0 %	0 %	11 %						
% of total revenue for the fiscal year (VAT excl.)							16 %	15 %	0 %	0 %	2 %	17 %
(B) Invoices related to disputed or unrecognized receivables and not classified as late payment												
Number of invoices						none						none
Amount (incl. VAT)						0						0
(C) Reference payment terms used (contractual or legal payment terms – article L. 443-1 of the *Code de commerce*)												
Reference payment used		Contractual payment terms						Contractual payment terms				
	x	Legal payment terms					x	Legal payment terms				

4.4 Statutory Auditors' report on the parent company financial statements

Year ended 30 September 2017

To the Shareholders' meeting of Pierre et Vacances SA

Opinion

In compliance with the assignment entrusted to us by your Shareholders' Ordinary Meeting, we have conducted an audit of the accompanying parent company financial statements of **PIERRE ET VACANCES** for the year ending 30 September 2017.

In our opinion, the annual financial statements give a true and fair view of the assets and liabilities and of the financial position of Pierre et Vacances SA, as well as of the results of its operations for the year then ended in accordance with French accounting principles and methods.

The opinion formulated above is consistent with the contents of our report to the Audit Committee.

Basis of the opinion

Audit standards

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our responsibilities under these standards are shown in the "Responsibilities of the Statutory Auditors in auditing the parent company financial statements" section of this report.

Independence

We conducted our audit assignment in accordance with applicable independence requirements, for the period from 1 October 2016 to the date on which our report was issued and, notably, we did not supply any services prohibited by Article 5, paragraph (1) of Regulation (EU) No. 537/2014 or by the code of ethics for Statutory Auditors.

Justification of our assessments – Key points of the audit

In application of the provisions of Articles L. 823-9 and R. 823-7 of the French Commercial Code on the justification of our assessments, please note the key audit points relating to the risks of material misstatement which, in our professional opinion, were the most significant for the audit of the parent company financial statements as well as the responses that we gave in the light of such risks.

These assessments were made as part of our audit of the parent company financial statements, taken as a whole, and when establishing our opinion as expressed above. We do not express an opinion on elements of these parent company financial statements taken separately.

Valuation of investments in associates and other long-term equity investments

Risk identified:

At 30 September 2017, the net carrying amount of investments in associates and other long-term equity investments as recorded on the balance sheet was €555.5 million, or 50% of total assets. They are recognised on their date of entry at the acquisition cost or the contribution value.

Where the value in use of the securities is lower than their net carrying amount, a provision for impairment is recorded in the amount of the difference. As indicated in Chapter 2 "Accounting principles and methods" of the notes to the parent company financial statements, the net asset value is determined according to the share of equity, adjusted if necessary to take into account the intrinsic value of the companies calculated on the basis of discounted future net cash flows. Cash flow projections are taken from the business plan prepared by the Group's operational and financial heads.

Given the weight of investments in associates and other long-term equity investments on the balance sheet and the sensitivity of valuation models to the assumptions used, we considered the valuation of the book value of equity holdings as a key point in our audit.

Our response:

Our assessment of these valuations is based on the process implemented by the Company to establish the value in use of equity holdings.

Our work consisted, in particular, of:

- verifying that the equity recorded is consistent with the financial statements of the entities that underwent an audit or analytical procedures;
- assess the main estimates, notably the assumptions underlying the cash projections, such as the long-term growth rate and the discounted rates used, on which relies the estimate of the intrinsic value. These analyses were performed with the help of valuation experts.

- testing, using surveys, the accuracy of the calculation of the values in use used by the Company.

Tax risk

Risk identified:

The Company is regularly the subject of tax audits that may give rise to notices of adjustments and disputes. An estimate of the risk relating to each dispute is reviewed by the Group's tax department, where necessary, with the help of its external advisors. The process ongoing on the Company is described in Note 16 to the parent company financial statements. In view of this process and given the level of subjectivity in assessing risks relating to it, we considered the valuation of provisions related to this tax dispute to be a key point of our audit.

Our response:

With a view to assessing the estimated risks associated with the ongoing tax dispute and measuring related liabilities, with the help of our experts, we held meetings with the Group's tax department and consulted the decisions made by, and the correspondence between, the tax authorities, the Company and, where applicable, its lawyers. We checked to see that the latest developments had been taken into consideration when estimating this risk.

Verification of the management report and other documents addressed to the shareholders

In accordance with the professional standards applicable in France, we have also performed the specific verifications required by law.

We have nothing to report regarding the fair presentation and consistency with the parent company financial statements of the information provided in the management report of the Board of Directors and in the other documents sent to the shareholders on the financial position and the parent company financial statements.

As regards the information provided pursuant to Article L. 225-102-1 of the French Commercial Code on remuneration and benefits paid to executive and non-executive corporate officers and commitments made in their favour, we verified the consistency of this information with the information given in the financial statements or with the data used to prepare the financial statements, and, if applicable, with the information received by the Company from the companies which control it or which are controlled by it. On the basis of this work, we certify that this information is accurate and fair.

In accordance with French law, we have verified that the required information concerning the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Disclosures arising from other legal and regulatory requirements

Appointment of the Statutory Auditors

Given the close association between the firms, we were appointed as Pierre et Vacances Statutory Auditors by the Shareholders' Ordinary Meeting of 3 October 1988 for Grant Thornton and by the Shareholders' Ordinary Meeting of 29 May 1990 for Ernst & Young.

At 30 September 2017, Grant Thornton was acting as Statutory Auditor for the thirtieth consecutive year and Ernst & Young for the twenty eighth year, of which nineteen year since the Company's shares were listed for trading on a regulated market.

Responsibilities of the management and those charged with governance in relation to the parent company financial statements

Management is responsible for preparing parent company financial statements that give a true and fair view of the Company, in accordance with the accounting rules and principles applicable in France, as well as for putting in place the internal control that it considers necessary in order to prepare parent company financial statements that are free of material misstatements, whether due to fraud or arising from errors.

When preparing the parent company financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, for presenting in these financial statements, if applicable, the necessary information on its ability to continue as a going concern, and for preparing the financial statements on a going concern basis, unless there are plans to liquidate the Company or to cease its operations.

The Audit Committee is responsible for the financial reporting process and for monitoring the effectiveness of internal control and risk management systems, as well as, if applicable, for internal auditing, in terms of procedures for preparing and processing accounting and financial information.

The parent company financial statements have been approved by the Board of Directors.

Responsibilities of the Statutory Auditors in auditing the parent company financial statements

Audit objectives and procedures

We are responsible for preparing a report on the parent company financial statements. Our objective is to obtain reasonable assurance as to whether or not the parent company financial statements are free of material misstatement. Reasonable assurance is a high level of assurance, however, it does not guarantee that an audit conducted in accordance with professional standards is systematically able to detect all material misstatements. Misstatements may be due to fraud or may be the result of errors and are considered to be material when such misstatements can reasonably be expected, when taken individually or as a whole, to influence the economic decisions taken by those who use the financial statements on the basis of said statements.

As stated in Article L. 823-10-1 of the French Commercial Code, our work to certify the financial statements does not consist of guaranteeing the viability or the quality of the management of your company.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercised their professional judgement throughout this audit. In addition:

- they identified and assessed the risk that the parent company financial statements contained material misstatements, whether due to fraud or resulting from errors, designed and implemented audit procedures to deal with this risk and gathered what they considered to be sufficient and appropriate evidence on which to base their opinion. The risk of failing to detect a material misstatement due to fraud is higher than that arising due to errors, since fraud may involve collusion, falsification, deliberate omissions, false declarations or circumvention of internal control;
- they familiarised themselves with internal control relevant to the audit in order to design audit procedures that were appropriate in the circumstances and not for the purposes of expressing an opinion on the effectiveness of the internal control;
- they assessed the appropriateness of the accounting methods used and the reasonableness of the accounting estimates made by management, as well as the related information in the parent company financial statements;
- they assessed the appropriateness of management's application of the going concern accounting convention and, on the basis of the evidence gathered, they assessed whether or not there was material uncertainty surrounding events or circumstances likely to affect the Company's ability to continue as a going concern. This assessment was based on the evidence gathered up until the date of their report, on the understanding that subsequent circumstances or events could impact on the Company's ability to continue as a going concern. If the auditors conclude that there is material uncertainty, they draw the attention of the readers of their report to the information supplied in the parent company financial statements regarding this uncertainty or, if this information is not provided or is not relevant, they formulate a certification with reservations or refuse to provide certification;
- they assess the presentation of the parent company financial statements as a whole and decide whether the parent company financial statements are an accurate reflection of underlying transactions and events.

Report to the Audit Committee

We presented a report to the Audit Committee showing, notably, the scope of the audit and the schedule of the work conducted, as well as the findings of our work. We also brought to its attention the material internal control weaknesses that we have identified in relation to the preparation and processing of financial and accounting information.

The report to the Audit Committee includes what we consider to be the greatest risks of material misstatements in relation to the audit of the parent company financial statements for the financial year and which, as a result, constitute the key points of the audit. These points are described in this report.

We are also supplying the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014 confirming our independence, within the meaning of the rules applicable in France as they are set, in particular, by Articles L. 822-10 to L. 822-14 of the French Commercial Code and by the code of ethics for Statutory Auditors. Where applicable, we have talked to the Audit Committee about the risks impacting on our independence and the safeguards applied.

Neuilly-sur-Seine and Paris-La-Défense, France, 14 December 2017

GRANT THORNTON	ERNST & YOUNG et Autres
French member of Grant Thornton International	
Virginie PALETHORPE	Bruno BIZET

5

INFORMATION ABOUT THE COMPANY AND SHARE CAPITAL

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5.1 Company information

5.1.1 General information

Legal name

Pierre et Vacances.

Registered office

L'Artois – Espace Pont de Flandre – 11, rue de Cambrai – 75947 Paris Cedex 19.

Telephone number: +33 (0)1 58 21 58 21.

Legal form

A French Public Limited Company (société anonyme) with a Board of Directors, incorporated under French law and governed by the French Commercial Code and by its articles of association.

Date of incorporation and term of the Company

The Company was incorporated for a term of 99 years with effect from its registration in the Paris Trade and Companies Register on 7 August 1979, except in the event of an early dissolution or extension.

Corporate purpose (Article 2 of the articles of association)

The purpose of the Company is to:

- acquire equity interests in other companies, by means of the formation of companies, contributions of companies, subscriptions for or purchases of shares or equity interests, mergers, alliances, partnerships or any other means, and particularly in companies that are active in the following areas:
  - sell and manage property,
  - acquire, develop and resell land, and construct property,
  - operate, in whatever form, residences, hotels, motels, unfurnished or furnished premises and restaurants of all kinds; all break, activity and holiday organisation and management activities; all direct or indirect equity investments in any French or foreign companies involved in the above businesses or likely to promote the development thereof;
- manage and provide technical, administrative, legal and financial assistance to these companies and their subsidiaries;
- and generally carry out all commercial and financial transactions, and all transactions involving property and equipment, relating directly or indirectly to the above business purpose or likely to help in the development thereof.

Trade and companies register

316 580 869 RCS Paris.

Business activity code

7010Z.

Financial year

The Company's financial year runs from 1 October to 30 September of the following year.

Consultation of documents and information relating to the Company

The corporate documents for the last three financial years (parent company financial statements, minutes of the Shareholders' Ordinary Meetings, attendance sheets for these meetings, list of directors, Statutory Auditors' reports, articles of association, etc.) can be viewed at the Pierre et Vacances registered office.

In addition, the Company's articles of association and, where applicable, the reports, correspondence, assessments and declarations made by an expert at the Company's request, and the Company's historic financial information for the previous two years may be consulted at the Pierre et Vacances registered office.

Appropriation of earnings (Article 20 of the articles of association)

Net income generated during the financial year, after deducting overheads and other expenses incurred by the Company, including all depreciation, amortisation and impairment losses, represents the profit (or loss) for the financial year.

Of this profit, less any losses carried forward, at least one twentieth shall be appropriated in order to build up the regulatory reserve required by law. Such transfers should continue for as long as the regulatory reserve represents less than one tenth of the total share capital.

The residual balance, plus any profit carried forward, constitutes the profit available for distribution to shareholders.

The Shareholders' Ordinary Meeting may appropriate whatever sums it deems fit, either to be carried forward as retained earnings to the following financial year, or to be transferred to one or more general or special reserves, the use or allocation of which is determined by the Meeting.

The Shareholders' Ordinary Meeting may also decide to make payouts from the reserves available for this purpose; where this is the case, the applicable resolution must expressly indicate from which reserves the payout shall be made.

The Meeting may offer each shareholder the option to receive all or part of the dividend payment in the form of shares (subject to legal conditions) or in cash.

Specific clauses in the Articles of Association

Double voting rights (Article 16 of the articles of association)

With effect from the Shareholders' Extraordinary Meeting of 28 December 1998, voting rights double those conferred on other shares, in view of the portion of share capital that they represent, shall be attributed to all fully paid-up shares for which proof of registration in the name of the same shareholder for a period of at least two years has been provided.

In the event of an increase in the share capital by incorporation of reserves, profits or share premiums, double voting rights shall be attributed from the date of issue to registered shares allotted free of charge to a shareholder as a result of his ownership of existing shares that are already entitled to double voting rights.

Shares converted to bearer shares or whose ownership is transferred lose their double voting rights.

Notwithstanding the above, the transfer by inheritance, by liquidation of spouses' joint property, or by inter vivos donation to a spouse or relative in the line of succession shall not entail the loss of double voting rights, and shall not interrupt the time period stipulated in Article L. 225-123 of the French Commercial Code. The same applies in the event of a transfer as a result of a merger or demerger of a shareholding company.

Identifying shareholders (Article 7 of the articles of association)

The Company may at any time, subject to the conditions laid down by regulations, ask the body responsible for clearing its shares to reveal the names, addresses and nationalities of holders of shares conferring an immediate or future right to vote at its Shareholders' Meetings, together with the number of shares held by each shareholder and any restrictions attached to these shares; at the Company's request, the above information may be limited to shareholders holding a minimum number of shares set by the Company.

Breaching of thresholds (Article 8 of the articles of association)

In addition to the disclosure concerning legal thresholds, any individual or entity who, acting alone or in concert, comes to hold a percentage of the capital or voting rights equal to or exceeding 5% or a multiple thereof, directly or indirectly, within the meaning of Article L. 233-9 of the French Commercial Code, is required to notify the Company by registered letter with proof of receipt within five trading days of crossing each of these thresholds, indicating the number of voting rights and shares held and the voting rights attached thereto. This notice of the crossing of shareholding thresholds also indicates if the shares or attached voting rights are or are not held on behalf of or in concert with any other individual or entity.

If not disclosed as provided above, the shares that exceed the percentage and should have been disclosed are deprived of voting rights at future shareholders' meetings, if one or more shareholders holding collectively at least 5% of the Company's share capital or voting rights so request and the request is recorded in the minutes of the Shareholders' Ordinary Meeting. The deprivation of voting rights applies to all future Shareholders' Meetings until the expiry of a period of two years from the date the disclosure is made.

Shareholders' Ordinary Meetings (Articles 16, 17 and 18 of the articles of association)

Shareholders' Ordinary Meetings shall be held at the registered office of the Company or at any other place indicated in the meeting notice.

Any shareholder is entitled to attend Shareholders' Ordinary Meetings in person or by proxy, on proof of their identity and share ownership.

The right to participate in Shareholders' Ordinary Meetings is subject:

- in the case of registered shareholders, to entry of the shares in the name of the shareholder in the Company registers at least two working days before the Shareholders' Ordinary Meeting;
- in the case of holders of bearer shares, to the filing, according to the conditions stipulated by law, of the certificate drawn up on the basis of the shareholder certificate (attestation of participation) issued by the authorised intermediary two working days before the date of the Shareholders' Ordinary Meeting.

Any shareholder shall be entitled to exercise a postal vote using a form that may be obtained under the terms specified in the meeting notice and under the conditions provided by law.

Any shareholder may also, if the Board of Directors so decides at the time the Meeting is convened, participate and vote at the Shareholders' Ordinary Meeting by means of electronic telecommunication enabling their identity to be established under the conditions provided by law.

Shareholders participating in the Meeting by videoconference, or by any other means of electronic telecommunication enabling their identity to be established under the conditions provided by law, shall be deemed to be present for the purposes of establishing quorum and majority.

Methods of convening Shareholders' Meetings

Shareholders' Ordinary Meetings are convened by the Board of Directors or, failing this, by the Statutory Auditors, in accordance with the requirements of Article R. 225-162 of the French Commercial Code, or else by a corporate officer designated by the Presiding Judge at the Commercial Court ruling in summary proceedings upon request or, in an emergency, by any interested party or by one or more shareholders together holding at least 5% of the issued capital.

Notice of meeting shall be given in the form of an announcement published in one of the journals authorised to publish legal notices in the administrative department in which the Company's registered office is located. Shareholders holding registered shares shall be convened by formal letter, which can be sent by registered post at the shareholders' request with the latter bearing the cost of the same.

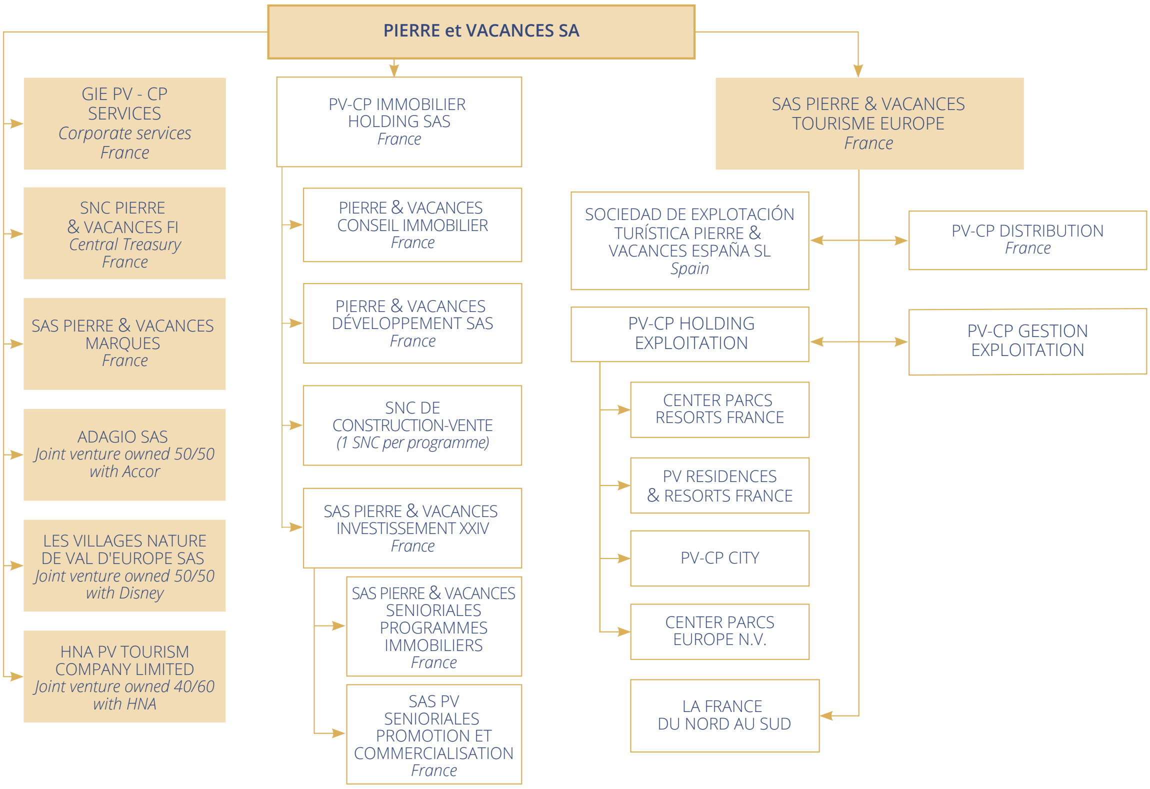
If all the shares are held in registered form, the notices provided for in the previous paragraph may be replaced by a meeting notice sent by registered post to each shareholder, with the Company bearing the cost of the same.

5.1.2 Description of the S.I.T.I. group

Société d'Investissement Touristique et Immobilier SA – S.I.T.I., a Pierre & Vacances-Center Parcs Group management holding company, indirectly controlled by Gérard Brémond via S.I.T.I. SC "R", has a 39.83% stake in Pierre et Vacances SA. The Pierre & Vacances subgroup is the only asset of S.I.T.I SA and is fully consolidated.

5.1.3 Legal form of Pierre et Vacances

Simplified organisational structure at 30 September 2017



The companies above (apart from the three joint ventures) are fully owned and consolidated.

Pierre et Vacances SA, the Group holding company, listed on Eurolist of Euronext Paris, holds equity interests in all the subholdings. It pays the external fees and expenses relating to the registered office at Artois, in the 19th district of Paris (particularly the rents), which it reinvoices to the various Group entities according to certain allocation criteria, particularly the square footage occupied. Pierre et Vacances SA is required to give sureties or guarantees to banks on behalf of its subsidiaries when setting up corporate finance or financial completion guarantees.

GIE PV-CP Services provides and invoices for management, administration, accounting, financial and legal services for the Group and handles the services shared by the Group's companies through service agreements.

Pierre & Vacances FI is the Group's central cash management company. It collects the surplus cash from the subsidiaries, redistributes it to those that need it and invests the balance.

Pierre & Vacances Marques SAS owns and manages the Pierre & Vacances, Maeva and Multivacances brands. As such, it reinvoices the Tourisme France operating entities for brand royalties.

Pierre & Vacances Tourisme Europe, the holding company for tourism activities, controls:

- PV-CP Gestion Exploitation SAS, the holding company for the business segment involved in portfolio management activities and relationships with owners;
- PV-CP Distribution SA, a travel agency, dedicated to promoting and selling residences and villages (not including selling and marketing of Center Parcs products for the BNG area, which are handled by Center Parcs Europe NV and its subsidiaries). In this capacity, PV-CP Distribution SA reinvoices its selling fees to PV Résidences & Resorts France and Center Parcs Resorts France;
- PV-CP Holding Exploitation SAS, the holding company for the business segment involved in tourism operations, which controls:
  - Center Parcs Resorts France SAS which groups together all Bois Francs, Hauts de Bruyères, Les Trois Forêts and Domaine du Bois aux Daims operating activities, and which itself controls Domaine du Lac d'Ailette SNC, a subsidiary responsible for operating the Domaine du Lac d'Ailette holiday village in France,
  - PV Résidences & Resorts France SAS, which includes all the operating activities of the Maeva, Pierre & Vacances, Pierre & Vacances villages clubs and Pierre & Vacances premium villages and residences,

- PV-CP City SAS, which includes all the operating activities of the 31 city residences acquired from Lamy on 15 June 2011;
- Center Parcs Europe NV, a tourism holding company, wholly-owns the Center Parcs Europe sub-group, which manages a holiday residence portfolio of over 15,450 cottages in the Netherlands, Germany and Belgium. This company performs shared services for the Center Parcs Europe sub-group, which it re-invoices to its subsidiaries. It is also responsible for sales operations in the Netherlands. Center Parcs Europe NV indirectly controls:
  - Center Parcs Netherlands NV, a subsidiary which manages all the villages in the Netherlands (eight villages),
  - Center Parcs Germany Holding BV, which manages five villages in Germany through various subsidiaries,
  - CPSP België NV which, through various subsidiaries, markets and manages six villages in Belgium;
- La France du Nord au Sud, a recognised player in the online holiday rental market in France and Spain;
- Sociedad de Explotación Turística Pierre & Vacances España SL, which manages the Pierre & Vacances tourism operation in Spain.

PV-CP Immobilier Holding SAS controls:

- PV Senioriales Promotion et Commercialisation, which promotes, constructs and markets residences for retired people;
- Pierre & Vacances Conseil Immobilier (PVCI), which sells to individual investors new or renovated apartments and homes developed and managed by the Pierre & Vacances-Center Parcs Group. It is also responsible, for the owners that require it, for selling these apartments and thus provides the investors with liquidity from their investment. PVCI bills the construction-sales companies for the marketing fees;
- Pierre & Vacances Développement SAS (PVD), which carries out real estate prospecting and delegated project management. PVD invoices project management fees to the construction-sales companies;
- construction-sales companies.

The property development operations are in fact housed in dedicated construction-sales SNCs in order to simplify management and set-up of financing. Some property development operations can be carried out jointly with other parties. In such cases, Pierre & Vacances allows other developers to invest in these construction-sale companies.

The aim of PV-CP Immobilier Holding SAS is to wind up these companies and provide the ten-year warranty.

Different types of internal reinvoicing transactions are carried out between the entities of the tourism business segment and those of the property development business segment. These transactions are carried out under normal market conditions.

The construction-sales companies receive rents from the tourism business segment for the apartments that are not yet sold to investors but are operated by tourism entities. Conversely, for renovation operations, the property development companies that carry out the work indemnify the tourism operating companies for the costs incurred during the period of closure for the renovation work. Finally, the construction-sales companies sometimes pay the rent on apartments sold to investors before the site is opened to the public.

Furthermore, when, as part of the sale of properties to outside investors, the rent commitments given by the tourism operating companies are higher than market rents at the time of the sale, the excess rent, called “support funds”, is recognised in the financial statements as a reduction to the selling price of the property. Therefore, this excess property margin is reallocated over the period of the lease to income from tourism activities.

Finally, the tourism operating companies help to manage certain property development programmes by participating in the design of the product, setting up the lease, delivering and accepting the site and putting it into operation. They also contribute to the marketing of certain property development programmes by actively helping with the selling work performed by their teams on the sites. For doing this work, they invoice project management and marketing fees to the property development companies concerned.

Summary of parent-child companies – FY 2016/2017

(in € thousands)	Tourism business	Property development	Other (including corporate departments)	PV SA (listed company)	Total Group
Non-current assets (including goodwill)	490,694	8,537	56,434	36,037	**591,701**
Gross financial debt (excluding derivative financial instruments – liabilities)	103,241	21,448	0	161,363	**286,052**
Cash and cash equivalents recognised on statement of financial position	75,436	6,354	4,391	661	**86,842**
Dividends paid to PV SA for the financial year	18,933	518	5,462	0	**24,913**

5.2 Information about the share capital

5.2.1 Share capital

At 30 November 2017, the share capital stood at €98,017,230, split into 9,801,723 ordinary shares each with a par value of €10, all of the same category and fully paid-up.

The shares are in nominee or bearer form at the shareholder's discretion.

The Company keeps itself informed of the ownership of its shares under the conditions provided by law.

The shares are freely transferable, unless otherwise stipulated by law or regulations.

The transfer of the shares, whether free of charge or for a consideration and whatever their form, is done by transfer between accounts in accordance with the procedure laid down by law.

Double voting rights are attributed to shares held in nominee form for more than two years. At 30 November 2017, with double voting rights being granted on 3,971,198 shares, the total number of voting rights stood at 13,772,921for 9,801,723 shares.

5.2.2 Potential capital

After taking into account (i) the impact of the issue on 30 November 2017 of new ORNANE bonds maturing on 1 April 2023, as well as the redemption of existing ORNANE bonds maturing on 1st October 2019 under the framework of an inverse book-building process, and (ii) allocation plans for bonus preference shares (the terms for conversion of preference shares into ordinary shares are set out on page 48 of this Reference Document), the theoretical potential capital of Pierre et Vacances, if all of the ORNANE bonds were converted into new shares, and in the event of a definitive acquisition of all of the bonus preference shares allocated on 30 November 2017 (each preference share can be converted into a maximum of 100 ordinary shares at the end of the conservation period and on condition that performance conditions are met) would be €120,158,850 corresponding to 12,015, 885 shares:

9,801,723 shares existing at 30/11/2017

+ 1,648,261 ORNANE (maturing on 01/04/2023)

+ 202,001 ORNANE (maturing on 01/10/2019)

+ 1,476 A preference shares relating to the 04/02/2016 plan, i.e. potentially 147,600 ordinary shares

+ 1,366 B preference shares relating to the 04/02/2016 plan, i.e. potentially 136,600 ordinary shares

+ 797 C preference shares relating to the 18/04/2017 plan, i.e. potentially 79,700 ordinary shares

= 12,015,885 potential shares at 30/11/2017

5.2.3 Table summarising currently valid delegations of authority granted to the Board of Directors concerning capital increases

The Shareholders' Extraordinary Meeting of 4 February 2016 conferred certain powers upon the Board of Directors, authorising it to increase the share capital, with the option to sub-delegate said powers under the conditions provided for by law.

A list of the resolutions adopted during the Shareholders' Extraordinary Meeting and authorising the Board of Directors to increase the share capital is given below.

As these authorisations are due to expire during the 2017/2018 financial year, shareholders will be asked to renew them at the Shareholders' Ordinary Meeting to approve the financial statements for the financial year ending on 30 September 2017.

Shareholders' Extraordinary Meeting of 4 February 2016

Resolution No.	Purpose	Term	Use in 2016/2017
28	Authorisation to issue shares and/or securities giving immediate or eventual access to the Company's capital and/or securities giving right to the allotment of debt securities with maintenance of the preferential subscription rights and up to the par value of €50,000,000.	26 months	Not used
29	Authorisation to issue shares and/or securities giving immediate or eventual access to the Company's capital and/or securities giving right to the allotment of debt securities with cancellation of preferential subscription rights and up to the par value of €50,000,000, this amount being applied to the general ceiling set by the 28th resolution.	26 months	Not used
30	Authorisation to issue shares and/or securities giving immediate or eventual access to the Company's capital and/or securities giving right to the allotment of debt securities with cancellation of preferential subscription rights through private placement and up to the par value of €50,000,000, this amount being applied to the general ceiling set by the 28th and 29th resolutions.	26 months	Not used
31	Authorisation to increase the amount of issues made with or without cancellation of preferential subscription rights, up to 15% of the initial issue, subject to the ceilings set out in the 28th, 29th and 30th resolutions.	26 months	Not used
32	Authorisation to set the issue price of shares to be issued within the framework of the 29th and 30th resolutions, with cancellation of preferential subscription rights, up to 10% of the capital per year.	26 months	Not used
33	Authorisation to increase the share capital through the incorporation of reserves, profits, premiums or other amounts that may be capitalised, up to the par value of €50,000,000, this amount being applied to the general ceiling set by the 28th resolution.	26 months	Not used
34	Authorisation to increase the share capital up to the limit of 10% of issued capital to cover contributions in kind to the Company outside a public exchange offer.	26 months	Not used
35	Authorisation to make capital increases reserved for members of the Group Share Ownership Plan and up to the par value of €850,000.	26 months	Not used
36 and 37	Authorisation to issue preferential shares (ultimately convertible into existing or new ordinary shares) for allocation free of charge to executive and non-executive corporate officers and/or certain employees of the Company or of related companies or groupings. Free preferential share grants and the number of ordinary shares which can be created by converting preferential shares may not affect a number of existing or new shares representing over 4% of the number of ordinary shares comprising the share capital[1].	38 months	797 preferential shares allocated (not yet definitively acquired)

(1) Preferential shares allocated by the Board of Directors on 18 April 2017 under this authorisation will be vested on 18 April 2019, subject to attendance conditions being met, and will be convertible into ordinary shares, subject to performance conditions being met, as of 18 April 2021. It is currently anticipated that the ordinary shares obtained by converting the preferential shares will be incorporated in the Company's treasury shares.

5.2.4 Changes in share capital over the last five financial years

Date	Operation	Par *(in €)*	Capital amount *(in €)*	Issue premium *(in €)*	Accumulated share capital *(in €)*	Number of shares accumulated
30/03/2016	Capital increase reserved for 20 HNA Tourism Group	10	9,801,723	14,879,010.96	98,017,230	9,801,723

5.3 Shareholders

5.3.1 Ownership of share capital and voting rights at 30 November 2017

At 30 November 2017, the estimated shareholder structure of Pierre et Vacances is as follows:

	Number of shares	% of issued capital	Employee profit-sharing at 30 November 2017 *(in € thousands)*	Number of voting rights	% of voting rights
S.I.T.I.[(1)]	3,903,548	39.83	181,203	7,083,096	56.68
HNA Tourism Group	980,172	9.99	45,500	980,172	7.12
CONCERTED TOTAL	**4,883,720**	**49.83**	**226,702**	**8,787,268**	**63.80**
Directors	19,725	0.20	916	20,295	0,15
Treasury shares[(2)]	263,349	2.68	12,225	263,349	1,91
of which shares acquired as part of the buy-back programme	*262,442*				
of which shares acquired as part of the liquidity agreement	*907*				
General public[(3)]	4,634,929	47.29	215,153	4,702,009	34,14
TOTAL	**9,801,723**	**100**	**454,996**	**13,772,921**	**100**

(1) 63.48% of S.I.T.I. SA is directly held by S.I.T.I. SC "R", 90% of which is held by Gérard Brémond.
(2) Treasury shares for which the voting rights cannot be exercised.
(3) Including employees (112,073 shares or 1.14% of the share capital) and Financière de l'Échiquier (490,487 shares according to the notice of the breaching of shareholding thresholds dated 28 February 2017, or 5.00% of the share capital and 3.56% of the voting rights).

The Company has taken a number of measures to prevent the control exerted by S.I.T.I. SA from being abusive (see the Chairman's report on the organisation of the Board of Directors and internal control procedures, which is included in the annual financial report).

To the Company's knowledge, no other shareholder owns more than 5% of the share capital or voting rights (other than those listed above).

In accordance with Article L. 223-13 of the French Commercial Code and given the disclosures and notifications received in accordance with Articles L. 233-7 and L. 233-12 of said Code, it is stated that:

- S.I.T.I. SA directly holds more than a third of the share capital and more than half of the voting rights at Shareholders' Ordinary Meetings;
- S.I.T.I. SC "R" indirectly holds over a third of the share capital and more than half of the voting rights for the Shareholders' Ordinary Meetings;
- HNA Tourism Business Group directly holds over a twentieth of the share capital and the voting rights at Shareholders' Ordinary Meetings.

5.3.2 Changes in share capital and voting rights over the last three financial years

	Situation at 30 September 2015			Situation at 30 September 2016			Situation at 30 September 2017		
Shareholders	**Number of shares**	**% capital**	**% voting rights**	**Number of shares**	**% capital**	**% voting rights**	**Number of shares**	**% capital**	**% voting rights**
S.I.T.I.	3,903,548	44.25	60.72	3,903,548	39.83	56.46	3,903,548	39.83	56.68
HNA Tourism Group	NA	NA	NA	980,172	9.99	7.09	980,172	9.99	7.12
CONCERTED TOTAL	**NA**	**NA**	**NA**	**4,883,720**	**49.83**	**63.55**	**4,883,720**	**49.83**	**63.80**
Directors	3,923	0.04	0.06	19,710	0.20	0.14	19,725	0.20	0.15
Treasury shares(1)	373,345	4.23	2.90	272,303	2.78	1.98	264,788	2.70	1.92
General public	4,540,735	51.47	36.32	4,625,990	47.19	34.33	4,633,490	47.27	34.13
of which employees	*44,799*	*0.51*	*0.70*	*104,341*	*1.06*	*0.99*	*112,370*	*1.15*	*1.03*
TOTAL	**8,821,551**	**100**	**100**	**9,801,723**	**100**	**100**	**9,801,723**	**100**	**100**

(1) Treasury shares for which the voting rights cannot be exercised.

Article 222–12 of the General Regulations of the AMF states that, to calculate shareholding thresholds, the total number of voting rights is determined on the basis of all of the shares to which voting rights are attached, including shares stripped of voting rights.

5.3.3 Group share ownership plan

The Group Share Ownership Plan, set up with the payment of the employees' profit-sharing entitlement for 1997/1998, received voluntary payments from employees and the Company's matching contributions to subscribe for Pierre et Vacances shares in connection with the initial public offering and capital increase of March 2002. It also receives voluntary payments from employees.

Within this Group Share Ownership Plan, the mutual fund consisting exclusively of Pierre et Vacances shares represented 0.17% of the capital at 30 September 2017 (16,450 shares).

5.3.4 Employee profit-sharing

A special Group employee profit-sharing agreement, covering the majority-controlled French entities, distributes the Group's special profit-sharing reserve (equalling the total special profit-sharing reserves calculated in each company) between all Group employees having an employment contract for more than three months with a participating entity. There is no special profit-sharing reserve set aside for the 2016/2017 financial year pursuant to the Group profit-sharing agreement.

Amounts due for Group profit-sharing in previous financial years:

For the 2015/2016 financial year	€363,515
For the 2014/2015 financial year	€124,092
For the 2013/2014 financial year	/
For the 2012/2013 financial year	€14,293

5.3.5 Notice of the breaching of shareholding thresholds

- Financière de l'Échiquier, acting on behalf of its managed funds, declared:
  - that on 14 November 2016, it had fallen below the threshold of 5% of Pierre et Vacances SA capital, holding at that date, on behalf of said funds, 489,872 Pierre et Vacances shares, representing the same number of voting rights, namely 4.99% of the capital and 3.54% of the voting rights;
  - that on 28 November 2017, it exceeded the threshold of 5% of Pierre et Vacances SA capital, holding at that date, on behalf of said funds, 490,487 shares, representing the same number of voting rights, namely 5.004% of the capital and 3.56% of the voting rights.

5.3.6 Shareholders' agreements

A strategic partnership agreed on 6 November 2015 between the Chinese company HNA Tourism Group (HNA) and Pierre et Vacances SA resulted in S.I.T.I. and HNA drawing up a shareholders' agreement, constituting concerted action between them relative to Pierre et Vacances SA. In this regard, S.I.T.I. and HNA requested and obtained from the financial markets authority an exemption from the obligation to register a public tender offer for Pierre et Vacances shares.

The main clauses of the agreement are the following:

- **Governance:** HNA has two representatives on the Pierre et Vacances SA Board of Directors. The parties also agree that (i) the S.I.T.I. board members will represent the majority of the members of the Board of Directors and (ii) for as long as the lock-up clause remains valid (see below), the number of board members can only be increased by four members over and above the nine current members and the two board members representing HNA, namely a maximum number of 15 board members;
- **Standstill:** HNA agrees not to hold, directly or via its affiliates, over 15% of the Pierre et Vacances SA share capital and voting rights, with the exception of a passive crossing of this threshold as a result of a transaction for which Pierre et Vacances SA or S.I.T.I. is responsible. The 15% threshold will be raised to 20% if S.I.T.I. (i) holds over 50% of the Pierre et Vacances SA voting rights and if a third party were to hold over 15% of the Pierre et Vacances SA share capital and voting rights or (ii) holds less than 50% of the Pierre et Vacances SA voting rights.

This pledge does not prevent HNA from (i) making a counter-bid in the event of a public offer to acquire Pierre & Vacances shares, (ii) offering to buy S.I.T.I.'s shareholding in the event of Mr Gérard Brémond's death or in the event of the sale of all or some of his shares by S.I.T.I. if this sale causes the loss of control (as described in Article L. 233-3, I, 1° of the French Commercial Code) by S.I.T.I. over Pierre et Vacances SA.

Lock-up: HNA agrees not to sell Pierre et Vacances shares until the first of the following two dates:

- the exclusive right of the joint company created with a view to development in China is lost; and
- five years have elapsed since the Chinese administrative authorisation necessary for the joint company's activity was obtained.

As an exception, HNA may in particular: (i) reclassify its Pierre et Vacances shares with one of its affiliates, (ii) offer its shares in a public tender and (iii) pledge its shares.

Assuming a loss of the joint company's above-mentioned exclusivity right in application of the cases planned for by the joint company contract, HNA and S.I.T.I. will consult each other with a view to selling off the Pierre et Vacances shares owned by HNA to one or several buyers. As of this loss of exclusivity right, (i) S.I.T.I. will benefit from a pre-emptive right on any disposal of Pierre et Vacances shares by HNA and (ii) HNA will no longer benefit from representatives on the Pierre et Vacances SA Board of Directors and will no longer exercise the voting rights attached to its shares.

- **Consultation prior to all acquisitions or disposals of shares:** If one of the parties wants to acquire or sell Pierre et Vacances shares, the parties agree to consult each other prior to taking any action so that all measures can be taken to avoid having to register a public tender offer for all of the Pierre et Vacances SA shares. S.I.T.I. and HNA pledge to mutually inform each other, within five trading days, of any increase or decrease in their stake in Pierre et Vacances.
- **Entry into force/End of the pact:** The agreement entered into force on the day of the capital increase reserved for HNA and will end (i) if S.I.T.I.'s equity interest in Pierre et Vacances falls below 43% of the voting rights within two years of HNA acquiring a stake or below 40% at the end of this two-year period, (ii) if a third party should hold over 20% of the Pierre et Vacances capital while S.I.T.I. holds less than 50% of the Pierre et Vacances voting rights, (iii) in the event of an obligatory public repurchase offer as provided for in Article 236-6, 2° of the AMF General Regulations and (iv) if S.I.T.I. makes a takeover bid for the Pierre et Vacances shares. The end of the pact will automatically end the concerted action between S.I.T.I. and HNA.

5

5.3.7 Report on treasury shares

Within the framework of the treasury share buy-back programme authorised by the Shareholders' Ordinary Meeting of 21 February 2017, 44,803 shares were acquired under the AMAFI liquidity agreement at an average price of €45.36 between 21 February 2017 and 30 September 2017. During this same period, 45,044 shares were sold at an average price of €45.57 under the AMAFI agreement.

Moreover, on 2 January 2017, 7,574 shares were registered to the beneficiaries' account, debited from the treasury shares account, as follows:

- 5,674 shares from the bonus share plan of 26 May 2014;
- 1,900 shares from the bonus share plan of 2 December 2014.

Using the authorisations granted by the Shareholders' Ordinary Meeting of 2 March 2006, on 7 January 2008, the Board of Directors instituted a Pierre et Vacances share purchase option plan involving 38,375 shares for the benefit of Group managers with a high level of responsibility. Under this plan, options were granted to 10 beneficiaries for the purchase of 38,375 treasury shares at €86.10 each. The option price at grant date reflects the average Pierre et Vacances SA share price during the 20 trading sessions preceding the launch of the plan, less a 5% discount. To date, 38,375 options are outstanding.

Using the authorisations granted by the Shareholders' Ordinary Meeting of 14 February 2008, on 12 January 2009, the Board of Directors instituted a Pierre et Vacances share purchase option plan involving 5,000 shares for the benefit of a Group manager with a high level of responsibility. Under this plan, options were granted to a beneficiary for the purchase of 5,000 treasury shares at €39.35 each. The option price at grant date reflects the average Pierre et Vacances SA share price during the 20 trading sessions preceding the launch of the plan. To date, 5,000 options are outstanding.

Using the authorisations granted by the Shareholders' Ordinary Meeting of 3 March 2011, on 3 March 2011, the Board of Directors instituted a Pierre et Vacances share purchase option plan involving 222,500 shares for the benefit of 41 Group managers with a high level of responsibility. Under this plan, options were granted to 41 beneficiaries for the purchase of 222,500 treasury shares at €63.93 each. The option price at grant date reflects the average

Pierre et Vacances SA share price during the 20 trading sessions preceding the launch of the plan. To date, 135,000 options are outstanding and 87,500 options have lapsed.

Using the authorisations conferred upon it by the Shareholders' Ordinary Meeting of 4 February 2016, the Board of Directors began, on 4 February 2016, a plan to allocate 1,476 free preferential shares to three executive and non-executive corporate officers. The preferential shares will be definitively allocated to the beneficiaries and thus issued at the end of the acquisition period, i.e. 4 February 2018. They can only be converted into ordinary shares after a two-year lock-in period, at a maximum parity of 100 ordinary shares for one preferential share, this parity being reduced if 100% of the performance conditions set by the Board of Directors are not met. It is currently anticipated that the ordinary shares obtained by converting the preferential shares will be incorporated in the Company's treasury shares.

Using the authorisations conferred upon it by the Shareholders' Ordinary Meeting of 4 February 2016, the Board of Directors began, on 4 February 2016, a plan to allocate 1,544 free preferential shares to 63 senior Group executives. The preferential shares will be definitively allocated to the beneficiaries and thus issued at the end of the acquisition period, i.e. 4 February 2018. They can only be converted into ordinary shares after a two-year lock-in period, at a maximum parity of 100 ordinary shares for one preferential share, this parity being reduced if 100% of the performance conditions set by the Board of Directors are not met. It is currently anticipated that the ordinary shares obtained by converting the preferential shares will be incorporated in the Company's treasury shares. To date, a maximum of 1,366 preferential shares have been granted to 57 beneficiaries.

At 30 September 2017, the Company held 264,788 treasury shares; 2,346 of these were held under the liquidity agreement and 262,442 shares were held pursuant to the buy-back programme.

The 262,442 shares held under the buy-back programme are reserved for the plans listed above.

The Company has asked Natixis to implement a liquidity agreement according to the Code of Ethics established by the Association Française des Marchés Financiers (the French Financial Markets Professional Association, or AMAFI) and approved by the Autorité des Marchés Financiers (the French Financial Markets Authority, or AMF).

As the authorisation given by the Shareholders' Ordinary Meeting of 21 February 2017 authorising a share buyback programme expires on 21 August 2018, a new authorisation will be submitted for approval to the Shareholders' Ordinary Meeting called to approve the financial statements for the financial year ended 30 September 2017.

5.3.8 Description of the programme submitted for approval to the Shareholders' Combined Ordinary and Extraordinary Meeting of 9 February 2018

As the authorisation given by the Shareholders' Ordinary Meeting of 21 February 2017 is valid until 21 August 2018, it was necessary to issue a new authorisation which will bring to en end, for the unused fraction, the authorisation given by the Shareholders' Combined Ordinary and Extraordinary Meeting on 21 February 2017 to the Company to perform transactions on its own shares.

The object of this authorisation will be to enable the Company to perform transactions on its own shares for the purposes of:

1) stimulating the market via a liquidity agreement in accordance with the AMAFI code of conduct;
2) allocating bonus shares and/or share purchase options to executive and non-executive corporate officers or employees, or selling shares to employees as part of a profit-sharing programme, employee shareholder plans or company savings plans;
3) using shares to exercise rights attached to marketable securities carrying the right to company shares by redemption, conversion, exchange, presentation of a warrant or any other way;
4) using shares as payment or exchange in the context of external growth operations, to minimise the acquisition cost or, more generally, to improve the conditions of a transaction;
5) cancelling shares, subject in this latter case, to a vote by the Shareholders' Extraordinary Meeting of a specific resolution.

Pierre et Vacances will have the option to acquire 10% of its capital, i.e. on 30 November 2017, 980,172 shares with a par value of €10 each. In view of the 263,349 treasury shares already held at 30 November 2017, the maximum number of shares that can be acquired under this buy-back programme is therefore 716,823, which corresponds to a theoretical maximum investment of €50,177,610 based on the maximum purchase price of €70 provided for in the resolution which will be put to the vote at the Shareholders' Ordinary Meeting of 9 February 2018 for approval. However, because the buyback programme primarily aims to adjust the share price, this maximum investment spending should not be reached.

The authorisation will be granted for a period of eighteen months from the Shareholders' Combined Ordinary and Extraordinary Meeting of 9 February 2018, i.e. until 9 August 2019.

5.3.9 Policy of dividend payments over the last five financial years – time limit for dividend claims

Over the last five financial years, Pierre et Vacances SA has made no dividend payments.

The dividend policy is based on the Group's profit (loss) from ordinary activities, financial position and projected financial needs. Thus, no guarantee can be given as to the amount of dividend payments for a given financial year. Unclaimed dividends are forfeited to the French government five years after they become payable.

Given the Group's 2017 results, the non-payment of a dividend will be proposed to the Shareholders' Ordinary Meeting of 9 February 2018.

Financial instrument pledges granted involving Pierre et Vacances SA shares

Name of shareholder recorded on the purely nominee account	Beneficiary	Start date	Maturity date	Number of shares pledged
S.I.T.I. SA	NEUFLIZE OBC	22 March 2011	30 April 2020	980,000 or 9.99% of the issuer's share capital

5.4 Stock market indicators

Share

As at 30 November 2017, Pierre & Vacances shares are listed on the Eurolist of Euronext Paris (Compartment B) and are included in the CAC All-Tradable, CAC Mid & Small 190, CAC Travel & Leisure and CAC Small 90 indexes.

Share trading over the last 18 months:

Period	Number of shares exchanged	Issued capital *(in € millions)*	Adjusted highs and lows	
			Highest	Lowest
June 2016	257,508	9.98	41.39	35.53
July 2016	339,811	14.04	43.89	38.99
August 2016	168,687	6.78	42.93	38.60
September 2016	142,341	5.57	40.61	37.50
October 2016	146,164	5.48	39.50	35.60
November 2016	304,506	11.50	39.70	33.00
December 2016	340,858	13.27	40.80	37.52
January 2017	257,678	10.59	43.65	38.16
February 2017	164,677	7.09	44.85	40.51
March 2017	144,113	6.18	44.85	41.32
April 2017	179,754	7.66	45.41	40.90
May 2017	150,983	7.02	49.50	42.79
June 2017	304,279	15.11	51.76	46.06
July 2017	158,787	7.43	50.00	45.00
August 2017	95,063	4.29	47.74	43.51
September 2017	143,991	6.49	46.50	43.50
October 2017	67,536	3.16	48.12	45.00
November 2017	143,962	6.34	47.00	41.01

(Source: Euronext).

Convertible bonds

ORNANE

In February 2014, the Company issued bonds redeemable in cash and new or existing shares (ORNANE), maturing on 1 October 2019. These bonds were admitted for trading on Euronext Paris on 12 February 2014.

Share trading over the last 18 months:

	Price	
	Highest	**Lowest**
June 2016	42.09	39.60
July 2016	41.06	41.00
August 2016	42.60	41.00
September 2016	40.51	39.60
October 2016	40.75	39.40
November 2016	40.40	37.57
December 2016	43.00	38.00
January 2017	43.95	40.75
February 2017	44.50	43.50
March 2017	43.30	41.22
April 2017	43.00	40.62
May 2017	48.75	42.56
June 2017	49.00	46.26
July 2017	48.75	44.85
August 2017	48.13	43.87
September 2017	47.75	44.67
October 2017	48.18	44.80
November 2017	46.00	45.10

(Source: Euronext).

6

ADDITIONAL INFORMATION

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6.1 Person responsible for the Registration Document and auditing the financial statements

6.1.1 Name of the person assuming responsibility for the Registration Document

Gérard BRÉMOND, Chairman and Chief Executive Officer.

This information is provided under the sole responsibility of the executives of the Company.

6.1.2 Declaration of the person assuming responsibility for the Registration Document

I hereby certify, after taking all reasonable measures to that effect, that the information contained in this Registration Document is, to the best of my knowledge, accurate and does not include any omission that would distort its substance.

I hereby certify that, to the best of my knowledge, the financial statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, financial position and results of the Company and all companies in the Group, and that the management report, whose concordance table is given on page 216, presents a true and fair picture of the changes in the business, the results and the financial position of the Company and all companies in the Group, and describes the main risks and uncertainties they face.

I have obtained an audit completion letter from the independent auditors, in which they indicate that they have audited the information concerning the financial position and financial statements presented in this Registration Document, and have read the entire document.

Paris, 15 December 2017

Gérard BRÉMOND,

Chairman and Chief Executive Officer

6.2 Statutory Auditors

Principal Statutory Auditors:

ERNST & YOUNG & Autres

Bruno BIZET

1/2, place des Saisons – 92400 COURBEVOIE-PARIS-LA DÉFENSE 1

First appointed by the General Meeting of 29 May 1990

Reappointed for six years by the General Meeting of 4 February 2016

Grant THORNTON

Virginie PALETHORPE

29, rue du Pont – 92200 Neuilly-Sur-Seine

First appointed by the General Meeting of 4 February 2016

Deputy Statutory Auditors:

AUDITEX

1/2, place des Saisons – 92400 COURBEVOIE-PARIS-LA DÉFENSE 1

First appointed by the General Meeting of 28 February 2013

Reappointed for six years by the General Meeting of 4 February 2016

INSTITUT DE GESTION ET D'EXPERTISE COMPTABLE – IGEC

29, rue du Pont – 92200 Neuilly-Sur-Seine

First appointed by the General Meeting of 4 February 2016

6.3 Fees paid to the Statutory Auditors and members of their network

	Ernst & Young & Autres				Grant Thornton			
	Amount		%		Amount		%	
(in € thousands)	2016/2017	2015/2016	2016/2017	2015/2016	2016/2017	2015/2016	2016/2017	2015/2016
Audit								
Statutory audits, certifications, examination of individual and consolidated financial statements	**1,084**	**1,126**	**89%**	**48%**	**315**	**270**	**92%**	**97%**
Issuer	268	259	22%	11%	147	117	43%	42%
Fully integrated subsidiaries	816	867	67%	37%	168	153	49%	55%
Services othe than the certification of accounts (1)	**131**	**1,221**	**11%**	**52%**	**29**	**9**	**8%**	**3%**
Issuer	98	103	8%	4%	0	9	0%	3%
Fully integrated subsidiaries	33	1,118	3%	48%	29	0	8%	0%
o.w. legal, tax, social	*20*	*1,115*						
TOTAL	**1,214**	**2,347**	**100%**	**100%**	**344**	**279**	**100%**	**100%**

(1) This section sets out the diligence and services provided to the issuer or its subsidiaries by the Auditors and members of their networks. These may be required by legal measures or provided at the request of the Group or its subsidiaries in respect of independence rules.

6.4 Information incorporated by reference

In accordance with Article 28 of Commission Regulation (EC) No. 809/2004, the following information is incorporated by reference in the present Registration Document:

- the consolidated financial statements and corresponding audit reports shown on pages 83 to 145 (financial report) of the 2015/2016 Registration Document registered with the AMF on 15 December 2016 under number D. 16-1050;
- the consolidated financial statements and corresponding audit reports shown on pages 80 to 149 (financial report) of the 2014/2015 Registration Document registered with the AMF on 15 December 2015 under number D. 15-1097;
- the Group management report shown on pages 61 to 80 (financial report) of the 2015/2016 Registration Document filed with the AMF on 15 December 2016 under number D. 16-1050;
- the Group management report shown on pages 58 to 75 (financial report) of the 2014/2015 Registration Document filed with the AMF on 15 December 2015 under number D. 15-1097;
- parts not included in these documents are either irrelevant to the investor or covered elsewhere in the Registration Document.

6.5 Annual information document

The list of information[32] published or made public by the Pierre & Vacances-Center Parcs Group over the last twelve months is the following:

Financial results

- Registration Document 2015/2016:
  - filed with the AMF on 15 December 2016 under No. D. 16-1050;
  - notice of the publication of the 2015/2016 Registration Document, published on 6 January 2017;
- Shareholders' Combined Ordinary and Extraordinary Meeting of 21 February 2017:
  - meeting notice, published in the French bulletin of obligatory legal announcements (BALO) of 13 January 2017;
  - meeting notice, published in the French bulletin of obligatory legal announcements (BALO) of 3 February 2017;
  - procedures for obtaining copies or viewing preparatory documents for the 2017 Shareholders' Meeting;
  - voting results on resolutions;
  - parent company financial statements – Certifications of the Statutory Auditors on the parent company financial statements and the consolidated financial statements, published in the French bulletin of obligatory legal announcements (BALO) of 20 March 2017;
- Financial information:
  - 1st quarter 2016/2017, published on 17 January 2017;
  - 2nd quarter 2016/2017, published on 19 April 2017;
  - 3rd quarter 2016/2017, published on 12 July 2017;
  - 4th quarter 2016/2017, published on 12 October 2017;
- 1st half of the 2016/2017 financial year:
  - results of the first half of 2016/2017, published on 30 May 2017;
  - 2015/2016 half-year financial report, published on 25 May 2016;
  - annual results for 2016/2017, published on 22 November 2017.

Transactions on the share capital

- Half-yearly report on the liquidity agreement:
  - at 31 December 2016, published on 3 February 2017;
  - at 30 June 2017, published on 7 July 2017;
- Monthly declarations of the number of shares and rights in 2016 at 31 December; in 2017 at 31 January, 28 February, 31 March, 30 April, 31 May, 30 June, 31 July, 31 August, 31 October, and 30 November.

Other information

- "PVCP confirms development potential in China and the forthcoming construction of the first tourism destinations" published on 16 June 2017;
- "Announcement press release" published on 21 November 2017;

(32) Information available on the Pierre et Vacances website at http://groupepvcp.com and in the French Bulletin of Obligatory Legal Announcements (BALO).

6.6 Concordance tables

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