Groupe

Pierre & Vacances
Center Parcs

REGISTRATION DOCUMENT 2017/2018

Including the Financial Report

Center Parcs Domaine des Trois Forêts

Summary

Groupe

Pierre & Vacances
CenterParcs

REGISTRATION DOCUMENT
Including the financial report
2017/2018

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 14 December 2018 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.*

PROFILE AND KEY FIGURES at 30 September 2018

A leading European operator of holiday residences

12,700 employees serving almost 8 million customers

2 COMPLEMENTARY BUSINESS LINES

PROPERTY DEVELOPMENT

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

TOURISM BUSINESS

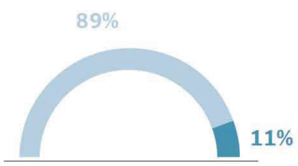
- Operation of residences and villages under a lease or management agreement
- Sale of holidays (Group products or third party accommodation) to French (45%) or international (55%) clients

6 TOURISM BRANDS

€1,523 million

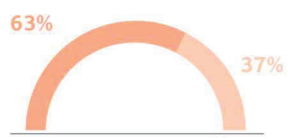
of revenue in 2017 / 2018

Breakdown of Group revenue by business lines



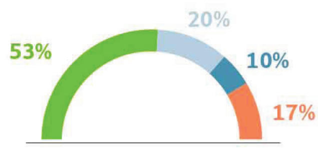
- Tourism
- Property development

Breakdown of Tourism business revenue by activity



- Rental
- Related businesses (events, services, shops, catering, marketing businesses...) and marketed activities business volume

Breakdown of rental revenue by destination



- Countryside (Center Parcs and Villages Nature Paris)
- Seaside (Pierre & Vacances)
- Mountain (Pierre & Vacances)
- City (Adagio)

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 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 the Batipart Group, and in China with the HNA Tourism Group.

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: Villages Nature Paris, a joint-venture with the Eurodisney Group.

2018

Olivier Brémond becomes CEO of the Group.

279 SITES* OPERATED IN EUROPE

45,142 apartments, houses and cottages, by the sea, in the mountains, in the cities and in the countryside, in France (63%) and internationally (37%)

41% of Pierre & Vacances and Center Parcs sites under a lease agreement are eco-labelled or have an environmental certification

* *excluding the marketing business, multiple ownership and franchise.*

4** DIRECTORS

General Management Committee

CHAIRMAN
Gérard Brémond

CHIEF EXECUTIVE OFFICER
Olivier Brémond

GROUP DEPUTY CHIEF EXECUTIVE OFFICER
Patricia Damerval

GROUP TOURISM CHIEF EXECUTIVE OFFICER
Martine Balouka-Vallette

** *As of the date this registration document was filed.*

15 BOARD MEMBERS

4 NATIONALITIES

6 INDEPENDENT MEMBERS

6 WOMEN

SHARE CAPITAL DISTRIBUTION

S.I.T.I : Holding company held by Gérard Brémond
Public : 83% institutionals
17% individuals

PRESENTATION OF THE GROUP 1

1.1 Presentation of the Group

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

The Group has a holiday residence portfolio with almost 280 destinations worldwide, owned by third party investors and operated under 6 brands: Pierre & Vacances, Center Parcs, Sunparks, Villages Nature Paris, maeva.com and Adagio.

The Group provides accommodation to almost 8 million customers each year, 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.

1.1.1 Business model

1.1.1.1 The complementary nature of the two business lines

The Group's 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** (particularly in the case of Adagio), but also **new residences and villages built** by the Group's real estate services.

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

- the Group's property subsidiaries design and build tourist developments in its capacity as project manager (Pierre & Vacances Développement), and markets them off plan to individual buyers (Pierre & Vacances Conseil Immobilier) or institutional buyers;
- the Group's tourism subsidiaries then take delivery of the new residences, becoming responsible for the day-to-day management and marketing of holidays for holidaymakers.

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. Income generated from the leased apartments and houses is used to cover the rents payable to the owners. These rents may be fixed or variable (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 30 September 2018, over 90% of the holiday residence portfolio operated by the Pierre & Vacances-Center Parcs Group was under lease management.

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.

Land prospection and site design, carried out jointly by the Group's tourism subsidiaries and property teams.

Off-plan sales to individual and/or institutional (block sales – "portage" followed or not by unit sales to individuals), in France and abroad.

The Group and the owners are bound by **leases.**

Construction of residences or villages by a delegated project management company from within the Group.

Pre-sale targets (50% to 60%) prior to the start of the works.

The work is financed by calls for funds to owners.

Operation of the site (lease agreements or management mandate).

Sale of holidays to tourist customers (the corresponding income is used to cover the rents of lessor-owners in the case of operation under lease agreements).

- **The Group property subsidiaries also support the qualitative development of the tourism offer**

  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:

  - mostly individual owners for individual leases, at the end of the lease;
  - 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.

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 generating property income.

1.1.1.2 An "asset-light" model

Financing of property assets by third party investors

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

- **Holiday accommodation units** built or renovated by the Group are sold off plan (French VEFA - off-plan sales or french VEFR - renovations) 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).

    Although the Group historically targeted French investors, it has successfully applied its property sales model to individual investors in Europe, in markets with no tax incentives aimed at this type of personal investment. As such, the 500 cottages of Center Parcs in Bostalsee and more recently, the cottages of Center Parcs in Port Zeland, Vielsalm, Nordseekuste and Hochsauerland have been marketed to German, Dutch, French and Belgian owners;

  - owing to the slow-down in the market for individual investment in rental properties, for a number of years, in addition to the sale to private buyers, the Group has been targeting **institutional investors** (mainly for the Center Parcs programme), allowing the 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. For example, 80% of the 800 cottages at Center Parcs Bois aux Daims are owned by the MACSF, MAIF, Amundi, Allianz and DTZ Asset Management groups on behalf of CNP Insurance, Groupama and La Française). In Germany, the cottages at Center Parcs Allgau are owned by Batipart and La Française.

    In some cases these assets go on to be resold to new investors: thus, of the 916 accommodation units at Villages Nature Paris, 783 were initially sold as a block to Batipart (50%), Pierre & Vacances-Center Parcs (37.5%) and Euro Disney (12.5%), and then resold to individual and/or institutional investors.

  At 30 September 2018, 67% of the apartments operated under lease agreements were owned by individuals (86% for Pierre & Vacances Tourisme Europe, the vast majority of whose holiday residence portfolio is in France, and 30% 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).

  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.

- 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.).

Development of a tourism offer under marketing, management, and franchise mandates

The marketing of a diverse tourism offering via maeva.com

Maeva.com was created in 2014 from the Pierre & Vacances-Center Parcs Group's aim to set up the first French online holiday rental sales platform. The brand's website brings together a varied and extensive offer of 28,000 holiday rentals in France, by forging privileged partnerships with:

- more than 3,000 individual owners who would like to rent out their second homes,
- more than 1,700 tourism professionals including campsites, estate agents, tourism residences, holiday villages etc.

Via this comprehensive offer maeva.com generates traffic of more than 12 million visitors on its websites each year, resulting in holiday rentals for almost 500,000 holidaymakers. Maeva.com distributes under its own brand, as well as via its maeva.com distribution partners: Airbnb, Booking.com, Eurostar, Oui.sncf, Promovacances, Cdiscount, Abritel and more than 10,000 works' councils.

To strengthen its ties with its campsite, owners and estate agent partners, maeva.com has built a unique services and distribution platform:

- for individual partners: pricing, reception, welcome and assistance services during the holiday, cleaning at the end of the stay, e-boutique, concierge services etc...
- for affiliated establishments: services to accompany and roll out the maeva.com experience concept (architectural design, signature events etc.), pricing and revenue management, audit and consulting...
- for professional partners in tourism: reservation monitoring interface, real-time connection to partner, marketing events etc.

To offer its holidaymakers a unique holiday experience, in 2018, maeva.com launched an affiliation programme destined for campsites and estate agents. So far, seven affiliated establishments deploy the maeva.com brand experience at their holiday sites.

The brand aims to offer 44,000 holiday rentals by 2022.

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 2018, almost 150 residences or villas were available in 7 countries / 11 destinations: Spain (of which The Canary Islands and the Balearics), Italy (including Sardinia), Croatia, Portugal, Mauritius and more recently Crete, Malta and Madeira. 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, Crete, Corsica, Ibiza and Portugal).

Management mandates

In addition to leasing properties, the Group has developed a management mandate business: the owner entrusts 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.

- Rental management on behalf of individual owners is developed by maeva.com.

  This offer is aimed primarily at ex leaseholders who do not wish to renew their lease with the Group when it expires. As such, management mandates are a very practical response to the issue of retaining the Group's strategic stock on high-quality sites that are not profitable enough.

  maeva.com also aims to offer these management mandates to individual investors initially attracted by the services of estate agents or online operators such as Abritel and Airbnb.
- One of the Group objective is also to develop management mandates internationally, for each brand Pierre & Vacances, Center Parcs and Adagio.
  - in Spain, the Group is managing 7 residences under mandates;
  - Since 1 February 2018, Aparthotels Adagio® has taken on management of five business tourism residences, Hipark Design Suites from BNP Paribas Real Estate, under the "Hipark by Adagio" banner. In total, 12 aparthotels are managed under mandate by the Adagio joint venture (in addition to the mandates given by Pierre & Vacances to the joint-venture);
  - Tourism operating of the Pierre & Vacances and Sunparks sites, to be developed in China, will be done under management mandates.

Franchise

Franchises are to date 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.

Franchises will also be developed in coming years under the Pierre & Vacances banner outside France: owners, operators and investors will therefore be able to rely on the Pierre & Vacances brand and the Group's distribution clout to support the marketing and visibility of their residence once their standards are in line with those of the Group.

1.1.1.3 A unique 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.

A comprehensive tourism offering

Stock operated at 30 September 2018

168 sites - 19,051 apartments and houses

(369 sites - 26,125 units including the marketing/multiple ownership and franchise business)

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 - 15,592 cottages

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

1 site - 775 apartments and cottages

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.

86 sites - 9,724 apartments

(106 sites - 12,329 apartments including franchise and master-franchise)

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.

28,000 marketed holiday rentals - 3,000 accommodation units under management
54 campsites - 60 holiday residences

Maeva.com is a web platform listing holiday rentals in France and Spain. It offers a wide range of person-to-person accommodation or accommodation within holiday residences and campsites.

Maeva.com addresses both holiday customers and owners of second homes with an exclusive service for managing and marketing their property.

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 2018, 63% of the apartments operated by the Group were located in France, 12% in the Netherlands, 8% in Spain, 7% in Germany and 7% in Belgium. The Group also has a presence in other European countries (Switzerland, the UK and Italy), via its Adagio residences.

A diversified customer base

Our customers are essentially families. However, the Group's wide range of offers (short-stays, flexible arrivals, development and enhancement of on-site activities, packaged-offers...) enables the Group to attract seniors as well as millennials, groups and couples without children. In Adagio Aparthotels, the customer base is made of business men/women (60%) and holiday customers (40%).

Complementary distribution channels

The holiday residence portfolio is marketed through:

- direct distribution (76%), with a proprietary network in France, the Netherlands, Germany and Belgium, which has the advantage of reduced costs;
- indirect distribution (24%), through international agencies and tour operators active in all European countries, which broaden the potential target.

1.1.2 The competitive environment

1.1.2.1 A key player

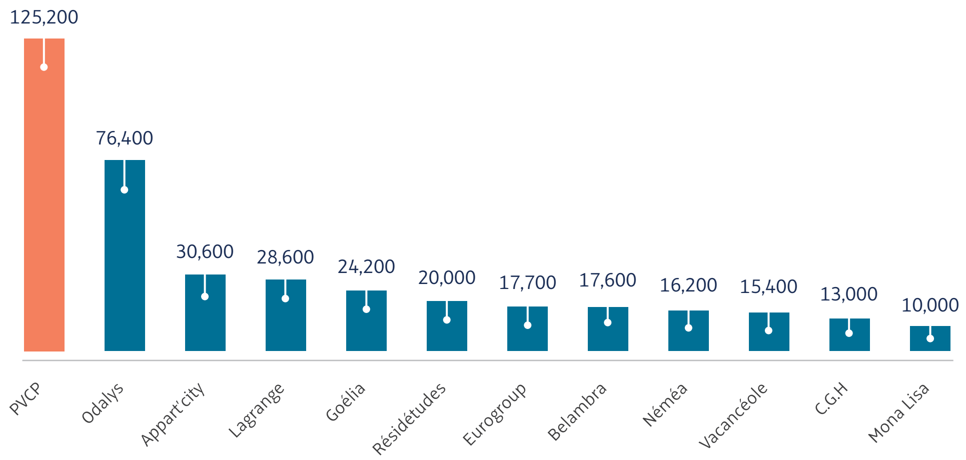
With almost 280 sites, 45,000 apartments and 200,000 beds in Europe, the Pierre & Vacances-Center Parcs Group is the European holiday residence market leader.

- **In France,** with accommodation capacity of 176,000 units (713,000 beds – 2,160 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 is the market leader in leisure holiday residences with 103,700 beds, and is no. 2 in the city residences market (after Appart'City) with 21,500 beds.

It faces competition from multiple sources – traditional players (holiday residences – Odalys (76,400 beds), Appart'City (30,600 beds), Lagrange (28,600 beds), Goelia (24,200 beds), Eurogroup (17,700 beds), Belambra (17,600 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 [(1)]



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 (89 villages, or almost 16,000 bungalows in the Netherlands, Germany, Austria, Belgium, etc.) and Roompot (80 parks, 14 campsites and 6 hotels in the Netherlands, Germany and Belgium).
- 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) Source SNRT - April 2018

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1.1.2.2 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 (e.g: 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.): reception, caretakers and a standardised offering ensures the quality of the apartments and surrounding;
- 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.

1.1.3 Outlook and strategy

1.1.3.1 Tourism businesses in Q1 2018/2019

In view of the portfolio of reservations as of the date this registration document was filed, the Group expects like-for-like growth in the tourism businesses in Q1 2018/2019.

1.1.3.2 Post-closing events

Center Parcs Roybon: prospect of a definitive ruling in favour of the project.

On 21 November 2018, the French Council of State validated the Pierre & Vacances-Center Parcs appeal by quashing the ruling under which the Lyon Appeals Court had cancelled the water law authorisation.

The case is to be sent back to the same Court of Appeal, which will have to take into account the decision issued by the Council of State this 21 November.

Strengthening of the controlling holding company of Pierre et Vacances by acquiring shares owned by HNA

On 12 December 2018, the Société d'Investissement Touristique et Immobilier (S.I.T.I)[1], PV-CP China Holding BV (a 100%-owned subsidiary of the Pierre & Vacances-Center Parcs Group) and HNA Tourism Group (HNA) have signed an agreement that plans for the irrevocable disposal of:

- the entire stake owned by HNA in Pierre et Vacances SA, to S.I.T.I, namely 980,172 ordinary shares representing 10.00% of the share capital and 13.50% of the Company's net voting rights[2].

  The disposal price amounts to €15.93 per share.

  Following this operation (which is set to take place within a maximum of 20 trading days of the signing of the agreement), the stake owned by S.I.T.I in the Company will rise from 39.81% of the capital and 53.78% of voting rights[2] to 49.81% of the capital and 64.91% of voting rights[3].

  Confident in the outlook for growth and profitability at the Pierre & Vacances - Center Parcs Group, S.I.T.I is hereby strengthening its control of Pierre et Vacances SA.
- The 60% interest held by HNA in the joint venture HNA PV Tourism Company Limited[4] to PV-CP China Holding BV.

(1) Limited liability company controlled by the company SITI "R", itself controlled by Mr Gérard Brémond, Chairman of the Pierre et Vacances S.A. Board of Directors.

(2) Based on 9,804,565 shares and 14,516,853 net voting rights in circulation on 30 November 2018.

(3) Based on a total number of 14,516,853 net voting rights in circulation on 30 November 2018 less the 980,172 double voting rights owned by HNA Tourism.

(4) Company under Chinese law jointly owned by HNA Tourism (60%) and the Pierre & Vacances-Center Parcs Group (40%).

Negotiations are well underway with a new partner to invest in the capital of this company in order to strengthen the expansion of the Pierre & Vacances-Center Parcs Group in China, on the basis of partnership agreements set up with local property developers.

This disposal agreement brings to an end the capital and commercial ties between HNA Tourism and Pierre & Vacances-Center Parcs due to the financial restructuring underway at the HNA Group. It paves the way for partnerships with top-ranking Chinese financial and professional groups.

1.1.3.3 Group strategy – Ambition 2022

On 3 September 2018, Olivier Brémond become CEO of the Pierre & Vacances-Center Parcs Group alongside the founder and Chairman Gérard Brémond.

Focused on adapting the Group to changes underway in both of its business sectors, with the support of the members of the General Management Committee and the main Group managers, Olivier Brémond has drawn up a strategic plan for 2022 with the **priority aim of restoring sustainable profitability** that would allow the Group to resume dividend payments.

This strategy, named Ambition 2022, is detailed in powerpoint slides available on the Group website : www.groupepvcp.com, section Finance/publications/Presentations).

It is based on four pillars:

- moving the existing tourism offer upscale via a programme of €450 million in renovation works concerning both accommodation and facilities (o.w €350 million under the framework of property renovation operations for the Center Parcs domains in Belgium, Germany and the Netherlands), and financed up to €415 million by partners;
- developing new innovative offers, with original accommodation types and expanding the Group's activities outside France;
- boosting marketing of the offer, especially in direct sales channels (the aim being to reach 55% of direct sales on internet by 2022), with an optimal exploitation of customer data in order to provide personalised offers;
- optimizing the Group's organisation and its processes to make them more efficient and agile.

The Group's property businesses are set to generate 25,000 additional beds, with the main focuses on:

- innovative programmes in terms of accommodation and facilities anticipating changes in holidaymakers' aspirations, for each brand and each country, and including strengthened sustainable development standards;
- a preponderance of "block" property sales to institutional investors, rounded out by marketing businesses to individuals in France and in Europe;
- the introduction of sales formulas with variable rents;
- renovation operations at the existing Center Parcs Domains in Belgium, Germany and the Netherlands;
- production of new destinations for all brands and the extension of existing sites in France, Germany and Spain.

This strategy is set to contribute as of 2018/2019, and should result in a gradual increase in the Group's profits over the next four years, with the aims of:

- reaching a margin on tourism businesses of 5% by 2022, notably with a 4% like-for-like growth in accommodation turnover;
- a volume of property business of €3 billion over the period (o.w. €1.8 billion in France and Spain and €1.2 billion in Belgium, Germany and the Netherlands), generating an average margin of 6%;
- reducing head office costs by 8%,

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1.1.4 Business model summary

CAPITAL

Share capital
- A Group listed on the stock exchange since **1999**
- Almost **40%** of its shares are owned by its Founding Chairman, Gérard Brémond

Industrial capital
- A multiproduct **"asset light"** business model able to be rolled out globally and combining property development and tourism operation
- Recognised know-how: **50** years of expertise in creating, developing and operating tourism destinations
- **6** tourism brand names with strong recognition

Human capital
- Almost **12,500** talented employees committed to customer satisfaction every day
- Over **67%** of employees under the age of 45
- **54%** of managers are women (of which: 24% on the Executive Committee)

Social capital
- **8** million customers with a range of profiles
- **18,000** individual owners and more than forty institutional owners
- A **trust-based relationship** with our clients, all of our financial partners and local authorities

Environmental capital
- Almost **280** destinations in the heart of natural environments with vast, responsibly-managed natural spaces
- **41%*** of sites with an eco-label in the operational phase or environmental certification in the construction phase aiming for high environmental performance and optimal resource management

** Pierre & Vacances and Center Parcs sites*

Value creation process

Ambition

To strengthen our European leadership with experiential, innovative and responsible tourism

Strategic priorities
- **Improve our tourism offer** – Renovation and enhancement of customer experience
- **Undertake major property operations** – Development of new and innovative offers in countries where we are located and in new countries
- **Boost marketing** – Innovation, personalisation and data exploitation
- **Optimise our organization** – for more efficiency and agility

➤ **for a priority aim of restoring sustainable profitability**

Business lines

PROPERTY DEVELOPMENT
- Land prospection and site design
- Marketing to individual and/or institutional investors
- Development /renovation

TOURISM BUSINESS
- Operation of sites (lease agreements or management mandates)
- Marketing of holidays

Brand names

Pierre & Vacances, Center Parcs, Sunparks, Villages Nature Paris, Adagio Aparthotel, maeva.com

IMPACTS

A robust Group
- **M€1 523*** in annual revenue
- Almost **M€350 *** in liquidity for confirmed credit lines and available cash
- **M€275*** in market capitalisation

** On 2018/09/30*

Loyal customers and owners
- Over **80 %** of customers satisfied
- **89%** intend to return to our sites
- Over **80%** renewal rate by our owners at the end of the lease

"Happy@work" employees
- **75%** of employees satisfied by their working conditions
- Almost **70,000** training hours
- **24%** internal mobility

Regional enhancement
- High quality tourist sites in terms of architecture and landscapes
- Up to **600** direct jobs created and an estimated of **€30,000** contributed to local GDP for a Center Parcs Domaine
- Relationships built with local stakeholders for an improved customer experience

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 six 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

1.2.2.1 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 2017/2018 financial year represented only 42% 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.

1.2.2.2 Risk associated with the ramp-up of digital players

The Pierre & Vacances-Center Parcs Group derives more than 60% of its revenue from the internet, via its own platforms (pierreetvacances.com, centerparcs.fr, maeva.com, adagio-city.com website), and those of its trade partners (e.g. Booking.com, Vente privée, Voyage Privé...). Marketing of the Group's offer on these partner sites is a way of attracting customers from regions where the Group's commercial presence is lacking. In this respect, these players are not a risk factor for the Group, but more of an opportunity to conquer new markets and expand occupancy rates during the fringe seasons. In addition, a rise in commission fees charged by these online tour-operators would only have a limited impact on the Group, since the accommodation revenue generated by these players only represents 13% of the Group's total revenue.

Although C2C platforms such as Airbnb and Abritel are competitive in seaside destinations, they help develop the reputation of holiday rentals. Measures aimed at supervising the rental of furnished properties, such as those stemming from the ALUR and Digital Republic laws, also help reduce inequalities in the handling of these platforms compared with tourism professionals, especially in terms of regulatory factors (PRM standards, security obligations for people and goods, CSR, compliance, holiday tax, price display) and tax aspects.

Finally, Pierre & Vacances-Center Parcs Group has numerous assets that set it apart from these players and help it resist their competition: the guarantee of a level of quality that only major brands can provide, flexibility in holiday durations, offers and themes that can be customised, varied price ranges (combining transport, services and activities) and a large choice of destinations. The Group has also invested significantly in recent years in overhauling its websites (new technologies, improving the customer experience on distribution channels, development of additional services sales) and rounding out its offer (in quantitative and qualitative terms) to consolidate its positioning and attract new clients.

1.2.2.3 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;

1.2.2.4 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, 92% of developments are sold (cf. page 98%).Therefore, there are very few unsold units.

1.2.2.5 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 (76% for the 2017/2018 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.

1.2.2.6 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 €2,184 million at 30 September 2018, i.e. €1,662 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 2018, 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.

1.2.3.1 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.

1.2.3.2 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).

1.2.3.3 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".

1.2.3.4 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) as well as labels and certifications (Green Key label and ISO 50001). At Center Parcs, a commitment to reduce energy consumption per night per person by 25% by 2022 has been set, while a decline of 12% was recorded this year relative to 2010. At Pierre & Vacances, the commitment is to reduce by 20% energy consumption per night per accommodation by 2022 and a decline of 16% was recorded this year relative to 2014.

Concerning use of renewable energies, Center Parcs aims at covering:

- 100% of electricity requirements of all sites by 2020 through green electricity contracts. To date, these contracts cover 100% of Center Parcs and Sunparks' requirements in the Netherlands and Belgium;
- 60% of its consumptions using renewable energies or green electricity contracts by 2025. To date, the share is 18%.

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.

Elsewhere, impact studies were undertaken in the various geographical areas where the Group's sites are located, and those more exposed, especially with a view to checking good insurance coverage in the event of major natural events. In this respect, some insurance limits for natural events were raised, especially for the Center Parcs domains located in Belgium, the Netherlands and Germany.

1.2.3.5 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.

Administrative authorisations concerning the project (building permit, clearing, "protected species" decree) were validated by the State Council and are cleared of any claims. Only the "Water Law" decree, cancelled by the Administrative Courts and then the Lyons Appeals Court, for compensatory measures for the wetland impact considered "non compliant", remains in dispute:

- in January 2017, PVCP appealed to the State Council over the dispute.
- In February 2017, State Council jurisprudence relaxed the legal criteria for wetlands, reducing the wetlands impacted by the Center Parcs project from 75 ha to 5 ha.
- On 21 November 2018, the State Council validated the Pierre & Vacances-Center Parcs Group's appeal, thereby breaking the ruling by which the Lyons Administrative Court of Appeal had cancelled the authorisation of the water law. The case is to be returned to this Court, which will take account of the ruling of the State Council's decision of 21 November.

The Group is confident in both the project's economic and environmental merit and the final legal outcome and considers that it is not necessary to set aside a provision in its accounts.

Beyond these procedures, as at 30 September 2018 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 2018 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: the Group has around 40 legal disputes currently in court or high court proceedings, at its request or in its defence, depending on the size of the dispute. This level of exposure is quite low relative to the number of co-ownership units depending on the sites managed (around 23,000). These disputes concern lease renewal conditions (under which the Group has obtained several favourable decisions) and payment terms for rents 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.

1.2.3.6 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.

1.2.3.7 Corruption risks - Sapin II

Under the framework of its risk management policy and in compliance with the regulatory measures of the Sapin II law, the Group has embarked on an overall approach aimed at strengthening preventive measures for corruption risk.

With the aim of reducing corruption risk, the strengthening of preventive and protection measures focuses on the following:

- adopting a behavioural code, integrated in the Group's Interior Regulation, with an inherent policy of disciplinary sanctions,
- training of the Company's executives and staff members the most exposed,
- roll-out of an internal warning system,
- drawing up a cartography of risks specific to corruption risk,
- establishing a procedure to assess the situation of customers, leading suppliers and intermediaries,
- setting up control and internal assessment measures for the measures taken,
- implementing internal or external accounting controls.

1.2.3.8 Risk associated with the roll-out of the European General Data Protection Regulation

Under the framework of its Corporate Social Responsibility approach and in view of the new regulatory requirements concerning protection of personal data, the Group has implemented technical and organisational measures for all of the countries in which it operates. A Data Protection Officer has been nominated and a steering committee set up to ensure the smooth roll out of the practices to be implemented to respect European regulations and maintain trusting relations with prospects, customers and all of the Group's staff.

1.2.3.9 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 2017/2018 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.

1.3 Internal control and risk management mechanisms

1.3.1 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.

1.3.2 Internal control procedures

1.3.2.1 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

At the date of this Registration document, the Group Executive Management Committee has four members: the Chairman, the Chief Executive Officer, the Deputy Chief Executive Officer 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 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)

At the date of this Registration document, the Group Executive Committee has 21 members:

- **Executive Management Committee:**
  - Gérad Brémond, Chairman
  - Olivier Brémond, CEO
  - Patricia Damerval, Deputy CEO
  - Martine Balouka-Vallette, CEO for the Tourism business.

- **Other Comex members:**
  - Bryce Arnaud-Battandier, CEO Maeva.com and La France du Nord au Sud
  - Jean Chabert, Real Estate Investors Director
  - Paul Collinson, Director of Operating Innovation and IT Systems
  - Loïc Delboulbé, Human Resources Director
  - Vanessa Diriart, Managing Director France and Vice CEO i.c.o. Sales & Marketing
  - Pascal Ferracci, CEO of Center Parcs Europe
  - Mark Haak Wegmann, CEO of Real Estate Development and Construction for Belgium/The Netherlands/Germany and New Foreign Markets
  - Jean-Christophe Lemasson, Group Finance Operations and Services Director
  - Karim Malak, Deputy CEO of Aparthotels Adagio
  - Dominique Ménigault, CEO Pierre & Vacances Property Investment
  - Martin de Neuville, Purchasing Director Group
  - Philippe Pagès, Owner and Property Management Director
  - José-Maria Pont, CEO Pierre & Vacances Spain
  - Pascale Roque, CEO Pierre & Vacances Tourisme
  - Grégory Sion, Commercial & Digital Director
  - Isabelle de Wavrechin, member *Emeritus*, Chairman and CEO Worldwide Invest Management (W2-IM),
  - Nong XIA, CEO HNA PV Tourism Company Ltd

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.

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, represented by the CEO, 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 and advising the Board of Management on a more regular basis. The Supervisory Board also oversees the general conduct of the Company's business. It generally meets four times a year.

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 Commercial & Digital Director, the Director of Operating Innovation and IT Systems, the Group Finance Operations and Services Director, the Human Resources Director and the owner and property management Director. 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.

Property Development Committee

The Property Development Committee meets every three weeks. 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 Director, the Director 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.).

France Development Committee

This Committee, comprising the Chairman and Chief Executive Officer, the Deputy Chief Executive Officer, and the Development Director, meets each week in order to decide on development projects.

International Development Committee

This Committee meets twice a month to examine the property renovation operations on Center Parcs in the Netherlands, Belgium and Germany. It comprises the Executive Management Committee members, the Development Director, the CEO of Real Estate Development and Construction, and the CEO of Center Parcs Europe.

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 Director) and Accor (Chief Executive Officer for Hotel Development and his Deputy Chief Executive Officer).

Les Senioriales Strategic Committee

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

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.

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.

1.3.2.2 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 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.

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

The Deputy CEO Department (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 Group Investor Relations, Strategic Operations, and M&A Department**

  This Department has three roles:

  - it is responsible for all equity transactions, which have an impact on the capital (capital increase, bond issue with an equity component, etc.);
  - it is responsible for merger/acquisition/disposal operations;
  - it 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), 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**

      This department 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.

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

- **The Group's Property Development Finance Department**

Given the specific features of the Group's property development business, this department 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;
    - participates in tax structuring, with the backing of tax advisers, in terms of development for both property projects and tourism operations;
    - advises and assists the operating departments in all issues relating to tax law and ensure fiscal follow-up regarding evolution of fiscal law, and, under this framework, supervises implementation of new regulations at all the Group's entities (e.g. BEPS regulations).
  - 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.

    The consolidation department is also responsible for implementing impairment tests for the Group, consisting of assessing the recoverable value of consolidated non-current assets based on the Group's business plans and according to assumptions and the methodology described in the appendix to the consolidated accounts in its 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:

- research for development opportunities (notably via property assets acquisitions of tourism residences or businesses goodwill);
- structuring finance (equity/debt – in partnership with the Financing Department) for projects in France (searching for institutional investors – Center Parcs, Villages Nature Paris, etc.).
- asset disposals;

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 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. Elsewhere, since April 2018, an internal auditor is dedicated to the scope of the Pierre & Vacances Tourism sites, thereby enabling a significant number of additional site audits.

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.

CORPORATE GOVERNANCE 2

This corporate governance report was prepared in accordance with the final paragraph of Article L. 225-37 of the French Commercial Code. It was approved by the Board of Directors at its meeting of 20 November 2018. This report will be presented to the shareholders at the next annual Shareholders' Ordinary Meeting, to be held on 7 February 2019.

2.1 Administrative and management bodies

2.1.1 Composition of the Board of Directors

2.1.1.1 Composition on 30 September 2018

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

At its meeting held on 9 February 2018, the Board of Directors decided to (i) separate the roles of Chairman of the Board of Directors and Chief Executive Officer, and (ii) appoint Mr Olivier Brémond as Chief Executive Officer with effect from 3 September 2018. On this date, Mr Gérard Brémond took on the role of Chairman of the Board of Directors.

Director	Nationality	Date of birth	Gender	Mandate start date	Date of most recent renewal	Mandate end date	Inde-pendent director[1]	Member of the Board Committees	Number of Company shares held
Gérard Brémond, *Chairman of the Board of Directors*	French	22/09/1937	M	03/10/1988	04/02/2016	Shareholders' Ordinary Meeting to approve the 2018 financial statements	-	-	10
Olivier Brémond Chief Executive Officer	French	03/10/1962	M	10/07/1995	04/02/2016	Shareholders' Ordinary Meeting to approve the 2018 financial statements	-	-	10
S.I.T.I. SA Represented by Thierry Hellin	French	11/11/1963	M	03/10/2003	04/02/2016	Shareholders' Ordinary Meeting to approve the 2018 financial statements	-	-	3,903,548 4,030[3]
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[2]	10
G.B. Développement Represented by Patricia Damerval	French	28/04/1964	F	10/10/2005	04/02/2016	Shareholders' Ordinary Meeting to approve the 2018 financial statements	-	-	10 7,312[3]
Andries Arij Olijslager	Dutch	1/1/1944	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	-	-	5,832[4]
Annie Famose	French	16/06/1944	F	04/02/2016	-	Shareholders' Ordinary Meeting to approve the 2018 financial statements	-	CRN[2]	20

Director	Nationality	Date of birth	Gender	Mandate start date	Date of most recent renewal	Mandate end date	Inde-pendent director[1]	Member of the Board Committees	Number of Company shares held
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
Jean-Pierre Raffarin	French	03/08/1948	M	09/02/2018	-	Shareholders' Ordinary Meeting to approve the 2020 financial statements	Yes	-	10

(1) 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.
(2) Remuneration and Appointments Committee.
(3) Including 369 category A preference shares.
(4) Including 738 category A preference shares.

The only family relationship between the persons 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 debates and 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.

2.1.1.2 Changes to the composition of the Board of Directors in 2017/2018

The Shareholders' Ordinary Meeting, held on 9 February 2018, approved the appointment of Mr Jean-Pierre Raffarin.

2.1.1.3 Changes to the composition of the Board of Directors since October 1 2018

The Board of Directors meeting of 20 November 2018 made official:

- the designation with effect from the Board meeting of 20 November 2018 of Mrs Patricia Damerval as permanent representative of S.I.T.I SA on the Pierre et Vacances Board of Directors, in replacement of outgoing member Mr Thierry Hellin,
- the resignation with effect from the Board meeting of 20 November 2018, of Mr Ralf Corsten and the company G.B. Développement SAS.

Following the Board meeting of 20 November 2018, the Board has 13 members, of which six independent members and six female members.

2.1.1.4 Proposed changes to the composition of the Board of Directors to go before the Shareholders' Ordinary Meeting of 7 February 2019

At its meeting on 7 February 2019, the Shareholders' Ordinary Meeting will be asked to vote on the renewal of the following terms of office: Gérard Brémond, Olivier Brémond, Andries Arij Olijslager, Bertrand Meheut, Ning Li, Gérard Houa, Delphine Brémond, Martine Balouka-Vallette, Annie Famose, and that of S.I.T.I., represented by Patricia Damerval.

2.1.2 Directors in office on 30 September 2018

Gérard BRÉMOND, *Chairman of the Board of Directors*

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 Chairman of Fondation Ensemble and the Pierre & Vacances Center Parcs Group Foundation. He has a degree in Economic Sciences, and is a graduate of the *Institut d'Administration des Entreprises* (University Schools of Management).

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
- Manager of S.I.T.I.R. SC
- Director of Voyageurs du Monde (listed company)

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
- Director of Lepeudry et Grimard, until 31 August 2018

Olivier BRÉMOND, *Chief Executive Officer*

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

Expertise: Olivier Brémond has been Chief Executive Officer of the Pierre & Vacances-Center Parcs Group since 3 September 2018. For almost 30 years, Olivier Brémond has been a successful entrepreneur outside the Group. After taking over at Gamma TV in 1988, he set up Marathon Productions and Marathon International in 1990. He then brought in and implemented concept stores in Iceland and New York.

Terms of office in other companies:

- Chairman and Chief Executive Officer of Société d'Investissement Touristique et Immobilier – S.I.T.I.
- Director of Kisan Inc. (United States)

Thierry HELLIN, *Deputy Chief Executive Officer*(1)

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 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

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

- Chairman and Chief Executive Officer of Lepeudry et Grimard SA, until 31 August 2018

Ralf CORSTEN(2)

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)

(1) Thierry Hellin resigned from his mandate as permanent representative of S.I.T.I SA on the Board of Directors of Pierre et Vacances on 20 November 2018.
(2) Ralf Corsten resigned from his mandate of Board member of Pierre et Vacances on 20 November 2018

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):

- Director of SNEF SA
- Member of the Supervisory Board of COVIVIO HOTELS (listed company)

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

- Permanent representative of S.I.T.I. SA on the Board of Directors of Lepeudry et Grimard SA, until 31 August 2018

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 Renewi Holding NV

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
- Until 1 May 2017, Director of Foundation Stichting Administratiekantoor Unilever
- Until 1 May 2017, Chairman of the Supervisory Board of OOK (Ondernemend Oranje Kapitaal), a listed company

Delphine BRÉMOND

Business address: 5, rue Saint-Germain – 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 supports families and young people.

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 has a background in civil engineering (mines), and was Chairman of the Canal+ Group Management Board from 2002 to 2016. He previously worked in industry. He spent most of his career at Rhône-Poulenc, then Aventis. He joined in 1984 as deputy to the CEO for 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:

- Chairman of the PMU Board of Directors
- Director of Lylo, Aquarelle and Edenred (listed company)

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

- Director of Accor (listed company)
- Director and Deputy Chairman of the Board of SFR Group (listed company)
- 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 – 10005 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). Ning Li has a Master 2 in Economic and Management Science.

Terms of office in other companies:

- Chairman of ESMA-HNA SAS

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

- 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 2015, he was Chief Executive Officer of CGE-BC Water Investment Co., Ltd. (China)

Alma BRÉMOND

Expertise: Alma Brémond is a graduate of Barnard College, Columbia University, New York (BA Political Science, majoring in political science and minoring in economics). She is currently studying for a Master's in Entrepreneurship at the HEC Paris business school.

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

Jean-Pierre RAFFARIN

Business address: 63, avenue de Suffren – 75007 Paris

Expertise: Jean-Pierre Raffarin was Prime Minister of France from May 2002 to May 2005. He was also President of the regional council of Poitou-Charentes, Member of the European Parliament, Minister for SMEs, commerce and craft, Senator for the Vienne département, Vice-President of the Senate and Head of the Senate's Foreign Affairs, Defence and Armed Forces Committee. Jean-Pierre Raffarin is now a consultant. He is a graduate of the Ecole Supérieure de Commerce business school in Paris.

Terms of office in other companies:

- Director of Plastic Omnium Holding (Shanghai)

2.1.3 Diversity policy applicable to members of the Board of Directors

The Board of Directors works hard to apply the principles set out in the AFEP-MEDEF Code as regards its composition. The Board is working towards its objectives of improving diversity and ensuring a good range of complementary skills and experience, balanced representation of men and women and the correct proportion of independent directors.

On 30 November 2018:

- 6 directors were women, making up 40% of the total, in accordance with Article L. 225-18-1 of the French Commercial Code (this proportion was raised up to 46% following the Board of Directors on 20 november 2018) ;
- 6 directors were classed as independent according to the AFEP-MEDEF Code criteria, i.e. over a third, as recommended by the AFEP-MEDEF Code for companies with a controlling shareholder.

The Board of Directors believes its composition to be balanced, as its members include:

- members of the founder's family;
- directors who are familiar with the company and its operating environment;
- representatives of the main shareholders;
- directors appointed more recently from different backgrounds.

2.1.4 General Management

The Board of Directors, at its meeting held on 9 February 2018, decided to separate the roles of Chairman and Chief Executive Officer, with effect from 3 September 2018.

As such, since 3 September 2018, Gérard Brémond has been Chairman of the Board of Directors, and Olivier Brémond has been Chief Executive Officer; this will continue for the remainder of their terms of office, i.e. until the end of the Meeting held to approve the financial statements for the financial year ending 30 September 2018.

This method of governance and the appointment of Olivier Brémond are part of the Group's long-term strategy.

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, Olivier 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.

Composition of the Executive Management Committee

At 30 September 2018, the Group Executive Management Committee has five members: the Chairman of the Board of Directors, the Chief Executive Officer, the two Group Deputy Chief Executive Officers and the Chief Executive Officer for the Tourism business.

The powers and workings of this Committee are outlined in the Group's management report (page 21 of this Registration Document).

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

2.1.5.1 Reference code

The Company refers to the Code of corporate governance for listed companies produced by the AFEP and the MEDEF, which were most recently reviewed in June 2018. 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.

In accordance with the "comply or explain" rule referred to in Article 27.1 of the AFEP-MEDEF Code, the Company believes that its practices are in line with the AFEP-MEDEF Code recommendations, apart from the following points:

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 Audit 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.
The Remuneration and Appointments Committee Articles 16.1 and 17.1 of the Code: It must be primarily composed of independent directors.	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. For as long as this share ownership target is not met, executive corporate officers shall make up the shortfall with a portion of the options or performance share allocations as determined by the Board.	Gérard Brémond owns 39.81% of issued capital via his asset holdings. Furthermore, neither Mr Gérard Brémond nor Mr Olivier Brémond are allocated options or performance shares.

2.1.5.2 Organisation of 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 (i) 6 March 2012 to define "blackout periods" for transactions by directors on Company securities, in accordance with AMF recommendations aimed at preventing insider misconduct and (ii) 10 October 2018 to set out a procedure for managing conflicts of interest in line with AMF corporate governance recommendations. An insider trading clause was incorporated taking into account European regulation n° 596/2014 on market abuse.

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.

In the past financial year, the Board of Directors met five times. The individual attendance records for Board directors are provided in the table below.

Director	Board of Directors	Audit Committee	The Remuneration and Appointments Committee
Gérard BRÉMOND, *Chairman of the Board of Directors*	100%		
Olivier Brémond *Chief Executive Officer*	100%		
Thierry Hellin *S.I.T.I. representative*	100%		
Ralf Corsten	80%		100%
Patricia Damerval *G.B. Développement representative*	100%		
Andries Arij Olijslager	80%	100%	
Delphine Brémond	80%		
Martine Balouka-Vallette	100%		
Annie Famose	100%	100%	100%
Bertrand Meheut	100%		
Ning Li	100%		
Gérard Houa	100%		
Alma Brémond	80%		
Amélie Blanckaert	100%		
Jean-Pierre Raffarin	100%(1)		

(1) The term of office of Mr Jean-Pierre Raffarin began on 9 February 2018.

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 three times during the 2017/2018 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.

2.1.5.3 Role 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. Subject to the powers explicitly allocated to the Shareholders' Meetings and within the limits of the corporate purpose, it is responsible for all matters relating to the smooth running of the company and settles such matters through its deliberations. Moreover, it carries out any checks it deems necessary. Furthermore, any significant operation outside the Company's stated strategy must be approved in advance by the Board of Directors.

The Board of Directors is notified of the Company's financial position, cash situation and commitments at Board meetings held twice a year.

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. At its meeting held on 29 May 2018, the Board of Directors renewed for a period of one year the authorisation for the Chief Executive Officer to grant pledges, guarantees and similar undertakings up to an overall maximum amount of €200 million; there was no limit on the amount relating to tax and customs procedures.

In addition to examining the yearly and half-yearly financial statements and the regularly examining the business activity and results of the Tourism and Property Development businesses, the main matters dealt with by the Board of Directors were property transactions, developments, refinancing (ORNANE and Euro PP), preference share issues and corporate governance (distribution of directors' attendance fees, self-evaluation of the Board of Directors, appointment of a new director to be put to the Shareholders' Ordinary Meeting, separation of the roles of Chairman and Chief Executive Officer and appointment of Mr Olivier Brémond as Chief Executive Officer).

Functioning of the Board of Directors

The functioning of the Board is determined by the Company's articles of association, the Board's Internal Regulations and Articles L. 225-17 et seq. of the French Commercial Code. The term of office of directors is three years. The Company's articles of association stipulate that a person aged over70 May not be appointed as a director if their appointment would result in over a third of the Board members being over this age. The Ordinary Shareholders' Meeting to be held on 7 February 2019 will be asked to vote on an amendment to the articles of association to raise this limit to 75 years. The Company's articles of association also provide for the possibility of holding Board meetings via video-conferencing or other means of telecommunication.

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 2018, the annual assessment, which was carried out using a questionnaire, was discussed at the Board of Directors meeting of 20 November 2018. There was a high level of satisfaction among directors with the organisation of the Board of Directors, its composition and the quality of discussions within the Board. At this meeting, which was held on 20 November 2018, the following was agreed.

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 2017/2018 financial year, the Audit Committee met twice (in November 2017 and May 2018), to examine the 2016/2017 financial statements and the half-yearly financial statements at 31 March 2018.

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 twice in the 2017/2018 financial year. At these meetings, the Board worked on variable remuneration for eligible employees and a plan to grant free preference shares.

2.2 Remuneration of executives and members of the Board of Directors

2.2.1 Remuneration of executive and non-executive corporate officers

The Company refers to the latest version of the AFEP-MEDEF Code as revised in June 2018 and, in the context of the "comply or explain" rule established in Article 27.1 of this Code, the Company believes that its practices comply with the recommendations of said Code, with the exception of the points stated on page 34 of this Registration Document.

For the financial years ending on 30 September 2018 and 30 September 2017, no wage[1] (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 services rendered by Gérard Brémond, Olivier Brémond (for the period from 3 September 2018 to 30 September 2018), Patricia Damerval, Thierry Hellin 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 Gérard Brémond, the variable bonus for 2017/2018 relates to the Group's financial performance (80% on EBIT and 20% on net result). For the other members (with the exception of Olivier Brémond, who does not benefit from a variable remuneration for 2017/2018), the variable bonus for 2017/2018 relates to the Group's financial performance (EBIT) for 30% of the bonus, and to the achievement of personal objectives for 70% of the bonus (quantitative and qualitative criteria relating to areas of expertise: Group refinancing and property development operations for Patricia Damerval, development in China and property renovation of the Center Parcs Domains for Thierry Hellin, and performances of the tourism business lines for Martine Balouka-Vallette. 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.

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

(1) With the exception of gross remuneration of €4,804 paid during the 2016/2017 financial year to Alma Brémond in respect of a fixed-term contract entered into with Center Parcs Resorts France.

2.2.1.1 Summary of the remuneration, options and shares granted to executive corporate officers

(in €)	Financial year 2017/2018	Financial year 2016/2017
Gérard Brémond, Chairman of the Board of Directors		
Remuneration payable for the financial year	552,340	575,845
Value of options granted during the financial year	-	-
Value of performance-related shares granted during the financial year	-	-
TOTAL	**552,340**	**575,845**
Olivier Brémond, Chief Executive Officer		
Remuneration payable for the financial year	66,392	NA
Value of options granted during the financial year	-	NA
Value of performance-related shares granted during the financial year	-	NA
TOTAL	**66,392**	**NA**

The meeting of the Pierre et Vacances Board of Directors held on 9 February 2018 decided to separate the roles of Chairman and Chief Executive Officer as of 3 September 2018. Since this date, Gérard Brémond has been Chairman of the Board of Directors and Olivier Brémond has been Chief Executive Officer.

2.2.1.2 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 of the Board of Directors	No	No	No	No
Olivier Brémond, Chief Executive Officer	No	No	No	No

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

(in €)	Remuneration in 2017/2018 payable for the financial year	Remuneration in 2017/2018 paid during the financial year	Remuneration in 2016/2017 payable for the financial year	Remuneration in 2016/2017 paid during the financial year
Gérard Brémond, Chairman of the Board of Directors				
Fixed remuneration	500,000	500,000	500,000	500,000
Variable remuneration	50,400	72,000	72,000	90,000
Special remuneration	-	-	-	-
Attendance fees	-	-	-	-
Benefits in kind	1,940	1,940	3,845	3,845
TOTAL	**552,340**	**573,940**	**575,845**	**593,845**
Olivier Brémond, Chief Executive Officer				
Fixed remuneration	38,889	38,889	NA	NA
Variable remuneration	-	-	NA	NA
Special remuneration	-	-	NA	NA
Attendance fees	27 500 (1)	-	30,000	21,000
Benefits in kind	3	3	NA	NA
TOTAL	**66,392**	**38,892**	**30,000**	**21,000**
Patricia Damerval, Deputy Chief Executive Officer				
Fixed remuneration	400,000	400,000	400,000	400,000
Variable remuneration	144,000	160,000	160,000	166,320
Special remuneration	-	-	-	75,680
Attendance fees	-	-	-	-
Benefits in kind	35	35	47	47
TOTAL	**544,035**	**560,035**	**560,047**	**642,047**
Thierry Hellin, Deputy Chief Executive Officer				
Fixed remuneration	400,000	400,000	400,000	400,000
Variable remuneration	80,000	160,033	154,000	154,000
Special remuneration	-	-	-	87,951
Attendance fees	-	-	-	-
Benefits in kind	8,170	8,170	7,251	7,251
TOTAL	**488,170**	**568,203**	**561,251**	**649,202**
Martine Balouka-Vallette, Chief Executive Officer for Tourism business				
Fixed remuneration	470,000	470,000	470,000	470,000
Variable remuneration	162,000	160,000	160,000	100,000
Special remuneration	-	-	-	50,000
Attendance fees	-	-	-	-
Benefits in kind	4,570	4,570	4,136	4,136
TOTAL	**636,570**	**654,570**	**634,136**	**624,136**

(1) Gross amount before tax in compliance with the applicable legislation, in remuneration of the activity of Mr Olivier Brémond on the Board of Directors of Pierre et Vacances until 31 August 2018. The payment of attendance fees by Pierre et Vacances took place during 2018/2019.

2.2.1.4 Remuneration policy for executive corporate officers drawn up according to Article L. 225-37-2 of the French Commercial Code (ex-ante vote on remuneration)

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 2018 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 of the Board of Directors and the Chief Executive Officer.

The Shareholders' Ordinary Meeting will therefore be asked, on the basis of this report, to approve the remuneration policy for the Chairman of the Board of Directors and the Chief Executive Officer in respect of the 2018/2019 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.

Remuneration policy for the Chairman of the Board of Directors

The remuneration paid to the Chairman of the Board of Directors consists of the following components:

- Annual gross fixed remuneration of €500,000.

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

Mr Gérard Brémond does not benefit from the following remuneration components in respect of his mandate as Chairman of the Board of Directors of the Company: deferred variable remuneration, multi-year variable remuneration, special remuneration, share options, performance shares, attendance fees, termination of office compensation commitment, non-competition compensation, supplementary retirement plan.

The Chairman of the Board of Directors 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.

The Shareholders' Ordinary Meeting of 7 February 2019 is therefore asked to vote on the following resolution:

"The Shareholders' Ordinary Meeting, acting under the quorum and majority conditions required for Ordinary General Meetings, having regard to the corporate governance report and in accordance with the provisions of Article L. 225-37-2 of the French Commercial Code, approves the principles and criteria used to define, break down and allocate the fixed, variable and exceptional components of the total remuneration and all benefits presented in this report and payable to Mr Gérard Brémond, in his capacity of Chairman of the Board of Directors."

Remuneration policy for the Chief Executive Officer

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

- annual gross fixed remuneration of €500,000;
- gross variable remuneration of €200,000 (representing a maximum of 40% of the fixed remuneration) if 100% of targets are met; 80% of the variable premium relates to the consolidated Group net result and the remaining 20% relates to extra-financial criteria (client experience, environmental performance, social environment).

As regards benefits in kind, the 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.

Mr Olivier Brémond does not benefit from the following remuneration components in respect of his mandate as Chief Executive Officer of the Company: deferred variable remuneration, multi-year variable remuneration, special remuneration, share options, performance shares, attendance fees, termination of office compensation commitment, non-competition compensation, supplementary retirement plan.

The 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 Olivier Brémond.

The Shareholders' Ordinary Meeting of 7 February 2019 is therefore asked to vote on the following resolution:

"The Shareholders' Ordinary Meeting, acting under the quorum and majority conditions required for Ordinary General Meetings, having regard to the corporate governance report and in accordance with the provisions of Article L. 225-37-2 of the French Commercial Code, approves the principles and criteria used to define, break down and allocate the fixed, variable and exceptional components of the total remuneration and all benefits presented in this report and payable to Mr Olivier Brémond, in his capacity of Chief Executive Officer."

2.2.1.5 Presentation of the fixed, variable and special remuneration comprising the total remuneration and all benefits in kind payable for the 2017/2018 financial year to Gérard Brémond, in respect of his term of office (ex-post vote on remuneration)

The remuneration payable to Gérard Brémond in respect of the 2017/2018 financial year complies with the remuneration policy approved by the Shareholders' Ordinary Meeting held on 9 February 2018 pursuant to Article L. 225-37-2 of the French Commercial Code and presented on page 43 of the 2016/2017 Registration Document.

Pursuant to the provisions of Article L. 225-100 of the French Commercial Code, the Shareholders' Ordinary Meeting to be held on 7 February 2019 will be asked to vote on a draft resolution on the remuneration components payable in respect of the 2017/2018 financial year to Gérard Brémond, Chairman and Chief Executive Officer up to 2 September 2018, then Chairman of the Board of Directors since 3 September 2018.

The components of this remuneration payable for the 2017/2018 financial year are as follows:

Remuneration components paid or allocated in respect of the previous financial year	**Amounts** *(in €)*	**Comments**
Fixed remuneration	500,000	No change compared with the previous financial year
Variable remuneration	50,400	Pursuant to objectives given for 2017/2018 and actual performances recorded on 30 September 2018, variable remuneration represents 56 % of the bonus approved by the Shareholders' Ordinary Meeting held on 9 February 2018
Benefits in kind	1,940	

The Shareholders' Ordinary Meeting of 7 February 2019 is therefore asked to vote on the following resolution:

"Pursuant to Articles L. 225-37-2 and L. 225-100 of the French Commercial Code, the Shareholders' Ordinary Meeting, acting under the quorum and majority conditions required for Shareholders' Ordinary Meetings, approves the fixed, variable and special components of the total remuneration and all benefits paid or allocated for the previous financial year to Gérard Brémond, in respect of his term of office, as presented in the Company's corporate governance report and referred to in Article L. 225-37 of the same Code."

2.2.1.6 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 2017/2018 financial year, the rules for the allocation of attendance fees adopted by the Board of Directors at its meeting of 10 October 2018 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;
- each director who meets the above criteria shall receive a total of €30,000 (before tax and withholdings at source in line with applicable legislation) in recognition of their activity on the Board of Directors during the 2017/2018 financial year;
- this total amount of €30,000 will be reduced prorata for the number of Board meetings the director 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 2017/2018[1]	Remuneration allocated for 2016/2017	Remuneration allocated for 2016/2017[2]
Olivier Brémond			
Attendance fees	27,500	30,000	21,000
Other remuneration	-	-	-
Ralf Corsten			
Attendance fees	34,000	33,000	23,100
Other remuneration	-	-	-
Delphine Brémond			
Attendance fees	30,000	20,000	20,000
Other remuneration	-	-	-
Andries Arij Olijslager			
Attendance fees	33,000	33,000	23,100
Other remuneration	-	-	-
Annie Famose			
Attendance fees	33,000	32,000	32,000
Other remuneration	-	-	-
Bertrand Meheut			
Attendance fees	30,000	25,000	25,000
Other remuneration	-	-	-
Ning Li			
Attendance fees	30,000	30,000	30,000
Other remuneration	-	-	-
Gérard Houa			
Attendance fees	30,000	30,000	21,000
Other remuneration	-	-	-
Alma Brémond			
Attendance fees	30,000	17,500[3]	12,250
Other remuneration	-	4,804[4]	4,804
Amélie Blanckaert			
Attendance fees	30,000	17,500[3]	17,500
Other remuneration	-	-	-
Jean-Pierre Raffarin[5]			
Attendance fees	20,000	NA	NA
Other remuneration	-	NA	NA
TOTAL	**327,500**	**272,804**	**229,754**

(1) Amounts are before tax and withholdings at source in accordance with applicable legislation.
(2) After deduction of any withholding tax paid directly by Pierre et Vacances SA to the French tax authorities.
(3) Total maximum amount of €17,500 in view of taking up the term of office as director on 21 February 2017.
(4) Alma Brémond received remuneration of €4,804 gross under a fixed-term contract entered into with Center Parcs Resorts France.
(5) Total maximum amount of €20,000 in view of taking up the term of office as director on 9 February 2018.

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 46 and 47);
- 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. Since early 2018, the obligation to abide by blackout periods has been extended to all beneficiaries of bonus shares.

2.2.2.2 Share option plans

History of share subscription option plans

At 30 November 2018, 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 30/09/2018)	/	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	38,375	/	92,000
Total number of options outstanding at the end of the financial year	/	/	/	/	5,000	130,500

(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
Kind of 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
Date of Board of Directors' Meeting	09/01/2007	09/01/2007	07/01/2008	12/01/2009
Total number of beneficiaries	2,207	9	8	57
Total number of shares granted initially	11,035	16,010	13,010	84,135
Total number of shares granted to current members of the Board of Directors (who are still members at 30/09/2018)	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
Starting date of the lock-in period	10/01/2009	10/01/2009	08/01/2010	13/01/2011
Duration of the lock-in period	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 related conditions(4)
Number of shares to be granted	Shares to be issued	Treasury shares	Treasury shares	Treasury shares
Number of shares cancelled	2,370	/	/	40,727(5)
Number of shares vested	8,665	16,010	13,010	43,408

(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.

(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.

2009 plan	2009 plan	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	Ordinary shares	Ordinary shares	Preference shares[1]	Preference shares[1]	Preference shares[1]
12/02/2009	12/02/2009	06/03/2012	06/03/2012	06/03/2012	13/03/2014	13/03/2014	04/02/2016	04/02/2016	04/02/2016
12/02/2009	12/02/2009	28/05/2013	03/09/2013	02/12/2013	26/05/2014	02/12/2014	04/02/2016	04/02/2016	18/04/2017
2	1	50	2	4	3	1	3	63	42
3,325	6,575	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*		
12/02/2009	12/02/2009	28/05/2013	03/09/2013	02/12/2013	26/05/2014	02/12/2014	04/02/2016	04/02/2016	18/04/2017
13/02/2011	13/02/2011	01/01/2016	01/01/2016	01/01/2016	01/01/2016	01/01/2016	09/02/2018	09/02/2018	18/04/2019
Two years	Two years	Two years	Two years	Two years	Two years	Two years	Two years	Two years	Two years
Attendance and performance related conditions[4]	Attendance 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	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	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
2,685[5]	/	145,184	7,172	8,366	15,215	322	/	178	/
640	6,575	84,584[6]	6,162[6]	7,189[6]	5,674[7]	1,900[7]	1,476[8]	1,366[8]	/

(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.
(8) At its meeting of 9 February 2018, the Board of Directors carried out the final allocation of the preference shares in view of the attendance conditions.

Bonus shares granted during the 2017/2018 financial year to each corporate officer

None.

Bonus shares becoming available during the 2017/2018 financial year for each corporate officer

Name of the corporate officer	Date of the plan	Number of shares becoming available during the financial year
Thierry Hellin	28/05/2013	6,933
Patricia Damerval	28/05/2013	6,933
Martine Balouka-Vallette	28/05/2013	5,084

Bonus shares granted in the 2017/2018 financial year to the top ten employee beneficiaries who are not corporate officers (general information)

None.

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.

2.2.3.4 Other shares convertible to equity

None.

Summary of transactions on the Company's securities

Summary of transactions on the Company's shares referred to in Article L. 621-18-2 of the French Monetary and Financial Code[(1)] over the course of the last financial year:

Person concerned	Nature of the transactions	Number of shares	Date of the transaction
Thierry Hellin	Disposals	2,000	18/01/2018
Thierry Hellin	Disposals	882	23/01/2018
Thierry Hellin	Disposals	400	24/01/2018

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

2.3 Summary of valid powers granted to the Board of Directors regarding capital increases

The Shareholders' Extraordinary Meeting of 9 February 2018 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.

Shareholders' Extraordinary Meeting of 9 February 2018

Resolution No.	Purpose	Term	Use in 2017/2018
11	Authorisation to issue shares and/or securities convertible to equity either immediately or in future 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
12	Authorisation to issue shares and/or securities convertible to equity either immediately or in future 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 11th resolution.	26 months	Not used
13	Authorisation to issue shares and/or securities convertible to equity either immediately or in future 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 11th and 12th resolutions.	26 months	Not used
14	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 11th, 12th and 13th resolutions.	26 months	Not used
15	Authorisation to set the issue price of shares to be issued within the framework of the 12th and 13th resolutions, with cancellation of preferential subscription rights, up to 10% of the capital per year.	26 months	Not used
16	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 11th resolution.	26 months	Not used
17	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
18	Authorisation to carry out capital increases reserved for members of the Group Share Ownership Plan and up to the par value of €850,000.	26 months	Not used
20	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 3% of the number of ordinary shares comprising the share capital.	38 months	Not used

2.4 Information likely to have an impact in the event of a public offering (Article L. 225-37-5 of the French Commercial Code)

Structure of the Company's share capital

Information about the structure of the Pierre et Vacances share capital to 30 November 2018 is presented on page 205 of the Registration Document.

Statutory restrictions on the use of voting rights and share transfers

The Company's articles of association include a reporting obligation applicable to any person holding a percentage of the share capital or voting rights, of 5% or more, or a multiple of this percentage. If this reporting obligation is not adhered to and on the request of one or more shareholders holding at least 5% of the share capital, the shares in excess of the fraction which should have been declared shall be deprived of voting rights under the conditions provided for by law. This mechanism is described on pages 201 and 202 of the Registration Document.

Category A and B preference shares are non-transferable.

Direct or indirect investments in the Company's share capital of which it is aware

The Pierre et Vacances shareholder base is outlined on pages 206 and 207 of the Registration Document.

Securities with special controlling rights and description of said securities

In accordance with the "Double voting rights" paragraph of Article 16 of the articles of association, an additional voting right to the one conferred to other ordinary shares in respect of the portion of the share capital they represent is allocated to all ordinary fully paid-up shares when they are proven to have been held in nominee form for at least two years in the same shareholder's name.

Category A and B preference shares must be held in nominee form and cannot be contractually divided.

Category A and B preference shares do not have voting rights at Shareholders' Ordinary and Extraordinary Meetings of holders of ordinary shares.

Category A and B preference shares will only be entitled to dividends after a period of two years from their date of issue.

Category A and B preference shares confer an entitlement to liquidation dividends and are not transferable. They are convertible into ordinary shares, after a period of two years from their date of issue, in view of the difference between the weighted share price and the ceiling share price set at €45 or the floor share price set at €30, with adjustments being possible in the event of a change of control or delisting.

Control mechanisms in the event of an employee shareholding system, when controlling rights are not exercised by the employees

None.

Agreements between shareholders of which the Company is aware and which could entail restrictions on the transfer of shares and the exercise of voting rights

The main clauses of the shareholders' agreement entered into on 6 November 2015 between HNA Tourism Group and S.I.T.I. are outlined on page 208 of the Registration Document.

Rules on the appointment and replacement of members of the Board of Directors and on amendments to the Company's articles of association

The Company's articles of association in these areas do not deviate from the usual customs regarding French Public Limited *Companies (Sociétés Anonymes).*

Powers of the Board of Directors, particularly as regards the issue or purchase of shares

A summary of the valid powers granted by the Shareholders' Ordinary Meeting held on 9 February 2018 regarding capital increases can be found at point 2.3 above. The Company's current authorisation to buy back its treasury shares prohibits any buybacks during a public offering on the Company's securities.

Agreements entered into by the Company which are amended or come to an end in the event of a change in the Company's control, unless such disclosure, excluding cases where there is a legal obligation for disclosure, would severely harm its interests

Financing contracts in which Pierre et Vacances is the borrower generally contain change of control clauses enabling lenders to demand repayment of all debt in the event of a change in control. No commercial contracts which, if terminated, would have a major impact on the Group's business, contain a change in control clause.

Agreements providing for compensation for members of the Board of Directors or employees, if they resign or are unfairly dismissed, or if they are made redundant as a result of a public offering

None.

2.5 Agreements concluded between a Director or a significant shareholder and the Company's subsidiaries

As of the date of the Registration Document, no agreement had been made, either directly or via an intermediary, between a corporate officer or a shareholder owning a fraction of the voting rights in excess of 10% of the Company and another company in which the Company holds directly or indirectly over half of the capital, with the exception of agreements relating to ongoing transactions completed under normal conditions.

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

Detailed information on special procedures for the involvement of shareholders in the Shareholders' Ordinary Meeting can be found in the Company's articles of association (Title V – Shareholders' Ordinary Meetings), available on the Company's website; a reminder is also provided on page 202 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.

Category A and B preference shares have no voting rights.

2.7 Statutory Auditors' special report on regulated agreements and commitments

Financial year ended 30 September 2018

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, 13 December 2018

The Statutory Auditors

GRANT THORNTON
French member of Grant Thornton International
Virginie PALETHORPE

ERNST & YOUNG et Autres
Bruno BIZET

3 EXTRA-FINANCIAL PERFORMANCE DECLARATION

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 and directly operates close to 190 residences and resorts (not including Adagio and Maeva) in 5 countries. It manages a portfolio of almost 18,000 owners.

European Leader in local tourism, the Group offers a varied range of tourist accommodation which is well integrated into the local community. Its business model, combining property development with tourism operations, is an asset that enables the Group to take a long-term strategic approach. Its CSR strategy has been rolled out across its entire value chain, fits in with the company's growth strategy, and meets the expectations of all its stakeholders.

The Group constructs its CSR strategy by listening:

- to the expectations of its 12,700 employees, to provide them with the best working conditions and enable them to grow and develop professionally in all roles;
- to the expectations of its local partners, with which it builds long-term connections in each community as a socio-economic player;
- to environmental associations and experts on issues relating to resource conservation and the protection of the natural spaces where our sites are located;
- to the expectations of its shareholders and investors for whom non-financial performance is part of the long-term value of their investment;
- to the expectations of its customers who are looking for holidays spent with family and friends, in cities, at the seaside, in the countryside or in the mountains.

The Group's business model is described in Chapter 1 of this Registration Document.

The Group was created more than 50 years ago and its longevity is the result of its capacity to innovate and to reinvent itself in the way it finances its property developments and in its new tourism concepts. The Group's sustainable development approach is increasingly part of this innovation dynamic. This includes, for example, research into optimised technical solutions to reduce the environmental footprint of its projects (e.g. the use of geothermal energy for Villages Nature® Paris and enriching the customer experience with new services and activities specifically incorporating sustainable development-related issues (digitalisation of the customer experience, development of new nature- and sustainable development-related leisure concepts, etc.).

External recognition of non-financial performance

For the tenth year running, the Group was listed in the 2018 Gaïa – Index, and kept its ranking in the index's top 20, coming 16th out of 230 companies. This ranking demonstrates the Group's non-financial performance in relation to other SMEs and intermediate-sized businesses listed on the French stock market.

Since 2014, the Group has also been eligible for listing on the Ethibel EXCELLENCE investment register and its CSR performance was judged better than average in its sector. Moreover, the Group regularly responds to ratings agency questionnaires, giving investors access to detailed external analysis of the progress of its CSR policy and initiatives undertaken.

3.1.2 Our commitments

The Group's sustainable development policy is aimed at creating long-term value for the business and for all its stakeholders so as to make a positive contribution to the Company now, and in the future. It aims not only to ensure that its activity-related risk is properly managed but also to identify and seize new growth and differentiation drivers.

The sustainable development policy is based on five pillars defined on the basis of the materiality analysis performed in 2016/2017, the CSR risk analysis updated this year (see section 3.1.4) and the expectations of our internal and external stakeholders.

- **Implementing a responsible employer policy**

  As with any service industry, the quality of the service provided to our customers directly relates to the skills, commitment and well-being of our teams. The particular nature of the tourism business, which is characterized by its seasonality, as well as specific aspects of our business model which is based on several business lines (see section 3.2.1), raise recruitment, training and skills management issues.

- **Limiting the impact of our sites on natural environments and encouraging biodiversity**

  The beauty of the landscapes where our sites are situated is a major attraction. Preserving this environment and valuing local natural wealth is part of our know-how. This expertise is reflected, from the design phase through to the operational phase, by concrete initiatives to protect biodiversity and the natural environment in the long term. These issues are also taken into consideration in the Group's development strategy and in the sites selected for new developments.

- **Improving our sites' environmental performance and responding to climate issues**

  Our environmental performance is based on our capacity to define and monitor the implementation of relevant and ambitious standards for the construction and operation of our residences and resorts, as well as within each operating department. To do so, the Group has tools (such as BEST, an internal system for managing sustainable development for sites) and is committed to an ongoing, voluntary certification and labelling policy. In terms of environmental performance, the priorities are: energy performance, the use of renewable energies, water consumption, waste management, and raising customer awareness.

- **Placing customer satisfaction and the customer experience at the heart of what we do**

  The Group's aim is to offer a variety of holiday experiences that meet its customers' expectations. Today, more than ever, the sustainable development approach is helping to enrich this experience by embodying sustainable development values. The Group is gradually developing its services and devising new nature- and community-related activities.

- **Being a long-term partner to the regions**

  The Group wants its activity to boost local economies, highlighting the cultural assets of each region and building strong, long-term relationships with individual communities. This desire for community involvement is embodied in its recruitment and responsible purchasing policies and in the local partnerships it sets up for the activities and services it offers.

The Group's sustainable development policy responds to the issues identified by the CSR risk mapping carried out this year by implementing specially-designed policies and measures.

Issues identified as being "at risk" are classed in the three categories listed below, in order of priority:

- priority issues: land search, access to water resources in areas under water stress, anticipation of the consequences of climate change on the business;
- major issues: management of the risk of water pollution and deterioration of natural environments, quality of relations with owners, recruitment and development of the skills of teams; waste management;
- important issues: quality of relations with our local stakeholders and our customers, health and safety of our employees, management of energy consumption.

With a view to new non-financial performance disclosure requirements, the policies put in place to deal with the different issues raised above are stated in each section of the document. The Group's policies are defined on the basis of four criteria: the formalisation of commitments, the presence of one, or more, targets (qualitative or quantitative), the presence of a dedicated person or team and monitoring of one, or more, performance or means indicators.

3.1.3 Our organisation

At 30 September 2018, the Group's Sustainable Development (CSR) Department reports to the Deputy Chief Executive Officer. Her role is to define the Group's CSR strategy and to support and coordinate its roll-out across all operating departments via specific action plans. The CSR Department also compiles and publishes reports on the Group's sustainable development initiatives (in conjunction with communications departments). Lastly, it works with the Business Lines before new development projects are launched, to devise new nature- and sustainable development-related experiences.

The CSR Department also relies on internal Group contacts: a Center Parcs Europe CSR department (reporting to the Management Committee), and someone charged with overseeing responsible purchasing policies within the Purchasing Department.

3.1.3.1 The policies of the brands

"Faisons plus ensemble" ("Doing more together"), the Pierre & Vacances sustainable development approach

"Through the "Faisons plus ensemble" ("Doing more together") approach, we are committed to working with our partners and customers to reduce environmental impact and promote each local region"

***Naturall*, the Center Parcs sustainable development programme**

"Through our Naturall (nature and us) programme, we have made a commitment to nature ("Natur"), and to care for everyone ("all"): our guests, our employees, and our current and future local partners"

One Planet Living (OPL), the Villages Nature® Paris sustainable development approach

"Based on the One Planet Living principles, Villages Nature® Paris is committed to reducing its environmental footprint across 10 measurable targets from construction and now in the operational phase"

3.1.3.2 Our contribution to the global Sustainable Development Goals (SDGs)

SDG 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

4.4 Via its Corporate Foundation, the Group is committed to the social and workplace reintegration of young people and adults.

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.

SDG 6: Ensure availability and sustainable management of water and sanitation for all

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. 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 The Group aims to pursue its economie growth in making the best use of resources and preserving the environment.
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.
8.7 The Group has implemented a responsible purchasing policy and introduced measures to identify and prevent human rights violations by its suppliers.
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 of critical importance to the Group. This is reflected in the policy to improve the sites' environmental performance, maximise the economic benefits to local regions and promote local nature and culture.

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

11.3 As far as consultations are concerned, the Group ensures that its new projects take into account local and regional development concerns.
11.4 Via its Corporate Foundation, the Group is committed to promoting local cultural and natural heritage.

SDG 12: Ensure sustainable consumption and production patterns

12.2 The Group is committed to a rational use of natural resources as part of its sustainable development policy, which focuses on improving the environmental performance of its sites. The Group also encourages the purchase of eco-label products.
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 enhancing its range of activities, focusing on discovery of nature and local assets. Furthermore, via its corporate foundation, the Group supports general interest projects to raise awareness about protecting the natural world.
12.b The Group has implemented an internal management tool (BEST) and is promoting and is involved in environmental certifications by third-party bodies (projects, buildings and at the operational phase). The Group has a responsible purchasing policy incorporating social and environmental criteria that it uses when selecting its suppliers and products.

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

13.1 The Group has implemented a development policy which takes into account concerns around the consequences of climate change.
13.2 The Group monitors its energy consumption-related CO_2 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 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.

3.1.4 Data collection method and CSR risk mapping

3.1.4.1 Reporting scope

The reporting reference year runs from 1 October 2017 to 30 September 2018.

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.

3.1.4.2 Reported data

The annual extra-financial performance declaration is based on:

- employment, environmental, and some societal indicators devised in line with a protocol describing the indicators, in detail, together with a calculation and internal control methods and data collection responsibilities;
- data from an internal tool (BEST) which consolidates the initiatives implemented at Pierre & Vacances sites in France and Spain. Data is fed into the tool by site directors or their sustainable development officers. This information is then verified at various levels (requests for proof, site visits, quality audits etc.);
- information and indicators monitored by the departments in question and forwarded for reporting purposes.

3.1.4.3 Data collection methods

Employment data (section 3.2)

Reporting scope

For employment data, all employees paid by the Group are included, irrespective of the business (property development or tourism) or the brand (Center Parcs, 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). Teams based outside the EU (China) are not included in the reporting scope. They account for less than 0.3% of the workforce. Lastly, the indicators do not include temporary staff.

Data collection and tools

Control and collection of employment data is managed by Human Resources teams in each countries. Various data controllers coordinate raw data collection via payroll or HRIS tools specific to each country. Indicators are then consolidated by country and on a Group-wide basis.

Environmental data (section 3.3)

Reporting scope

For environmental data, the reference scope is all of the Group's operational units at 30 September 2018, with the exception of Les Senioriales (where water and energy use is not managed by the Group) and Maeva time-share residences. With regard to Villages Nature® Paris, water, energy and waste data are incorporated in Center Parcs Europe data. Sites and residences marketed but not operated (maeva.com, franchises etc.) are not included in the reporting scope.

Data collection and tools

- Across Pierre & Vacances sites, the Group consolidates water and energy use for which joint owners under lease agreements are responsible. Volumes of use are for the Group's share of each site. Data is supplied by ICARE – the internal energy use management tool. Data is reported by the sites 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.
- The concept of shared use does not apply to Center Parcs. Water and energy use and waste production are monitored weekly and monthly by the energy coordinator for each site. Monthly data are verified by an internal expert who analyses and consolidates the data and monitors targets for all European sites. Center Parcs sites will use the Icare software from 2018/2019 to collect water, energy and waste data.
- As with Center Parcs Europe, Pierre & Vacances environmental data (in m^3 or in KWh) are reported by number of overnight stays: an overnight stay corresponding to a unit rented for one night, whatever the number of occupants.

Societal data (Sections 3.4 to 3.8)

Purchasing, customer satisfaction and construction data are supplied directly by the departments in question which consolidate these indicators so that they can be managed and the scope is the same as for environmental data. It should be noted that the Purchasing department introduced a responsible purchasing policy in 2017, based on a number of quantifiable indicators and targets which are monitored and covered by specific action plans.

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

Analysis of CSR risks

In-depth work to identify CSR risks was carried out this year by the CSR department. Conducted with the head of the Group's risks and insurance department and incorporating work on the mapping of purchasing risks, the Sapin 2 law and the duty of care, it enabled the Group's CSR policy to be reconsidered in the light of external changes (legislative, climatic, consumer and citizen trends, etc.) and Group strategy. The heads of each Group business line and of the entities were interviewed about their perception of the level of criticality (probability of occurrence and impact) of, and the level of control over, 15 families of environmental, employment (including Human Rights) and societal risks. It was then possible to define a hierarchy of priorities.

3.2 Implementing a responsible employer policy

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

12,700[(1)] people work for the Group. Our HR strategy combines our commitments, our governance system and our indicators, without however being formalised in documents signed at by the General Management. Our teams are an important factor of the quality of the service delivered, as happy employees play a key role in customer satisfaction. As a result, our human resources strategy aims to develop employees' day-to-day commitment. It also aims to meet the repeat recruitment requirements associated with the seasonal business of some of our sites and to guarantee our teams' performance, notably by providing adequate training.

Issues of recruitment, training and employee satisfaction are major challenges for us in terms of human resources, as confirmed by CSR risk mapping (see section 3.1).

3.2.1.1 The employment model

The tourism business now accounts for over 85% of Group jobs. Its employment model is, therefore, based on tourism business characteristics: ongoing and increasing digitalisation, customers demanding increasingly sophisticated experiences and services, seasonality, wide variety of jobs. It changes in response to the Group's various transformations, such as the introduction of what are referred to as "flexible" arrivals, the renovation of all Center Parcs sites and even the internationalisation of our brands. These transformations result in profound changes and so teams need support.

Over the last four years, our HR policy strategy has been structured around four pillars:

- 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, a digital information system (HRIS) common to the entire Group has been introduced. Known as H@RIS, it is being rolled out on a gradual basis in 2017/2018 and in 2018/2019 across all modules (Core, Training, Recruitment, Evaluations, Remuneration, Talent/Careers). The HRIS is a further step in the modernisation of our human resources management. It facilitates managers and employees' access to information and makes it easier to manage individuals' skills and career development.

3.2.1.2 Group values

Group values were defined by work carried out in previous years with representatives from the managers' community (B-Community). 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.

(1)

1. "We are all socially responsible entrepreneurs"

The Group's entire history is based on the value of entrepreneurship and to guarantee effective leadership over time, it is necessary for everyone to sign up to a long-term and global vision of performance that, in particular, incorporates social, societal and environmental responsibility.

2. "We enable togetherness"

Echoing the values of the two Pierre & Vacances and 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.

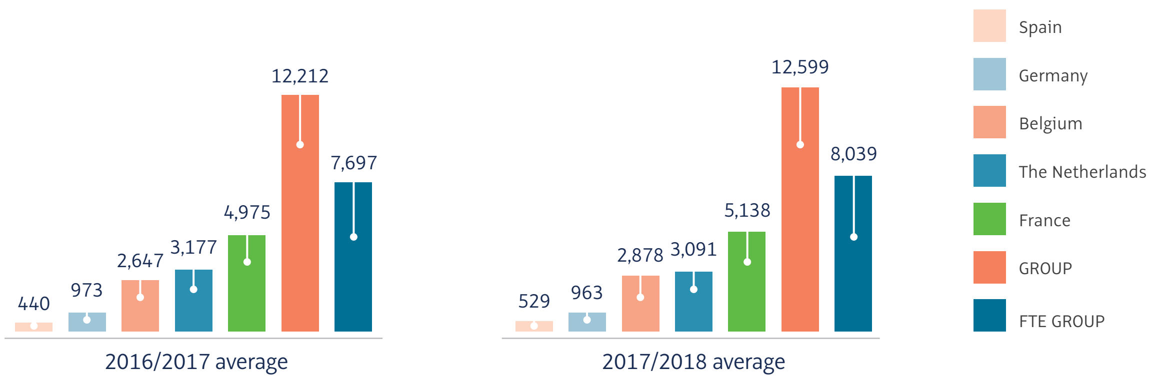
3.2.1.3 Our corporate mapping

The Group's profile

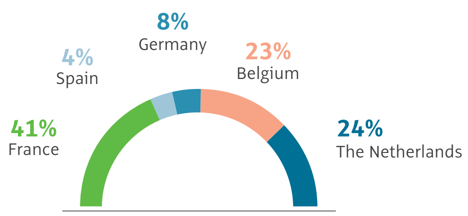
The Group's business lines are:

- tourism operations business lines: welcome, reception, technical, renovation, security, housekeeping, swimming pools, site management, operational control;
- business functions, digital, 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.

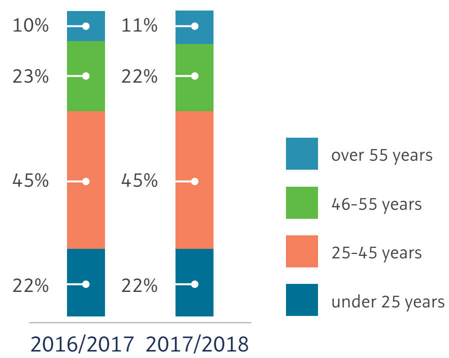
Average annual headcount by country and full time equivalent



Breakdown of employees by country



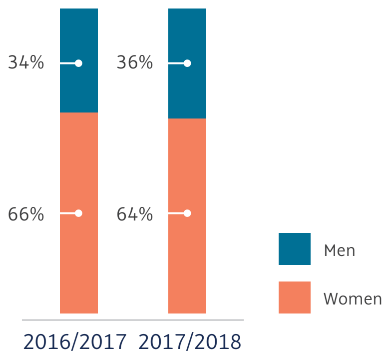
Breakdown of headcount on 30 September by age range



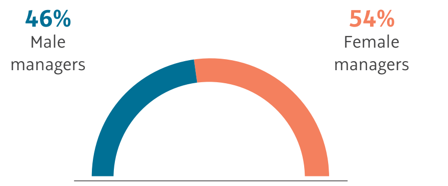
Key employment figures within the Group

The Group's workforce – see scope of labour reporting in section 3.1 – was up in terms of number of employees (+3.2%), and in full-time equivalent terms (+4.5%) over the financial year, due mainly to developments in Spain.

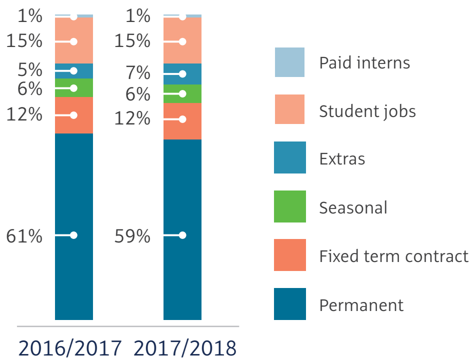
Breakdown of headcount by gender



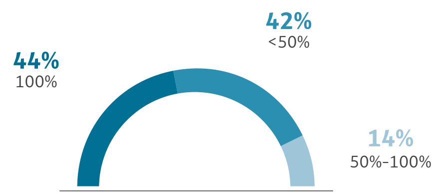
Proportion of women in management



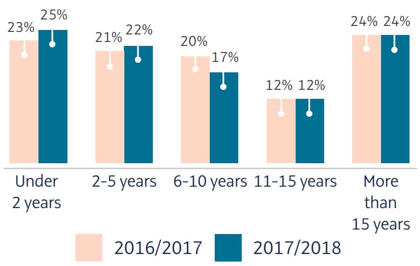
Breakdown of employees by contract type



Breakdown of contracts by rate of activity



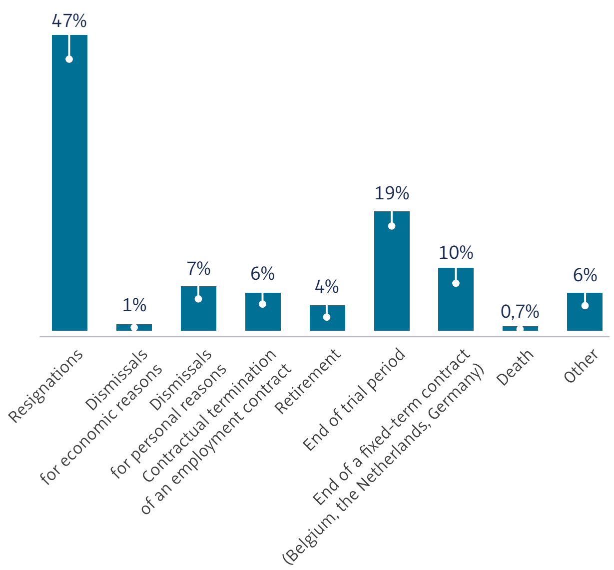
Breakdown of employees by seniority



- The turnover rate, 19.1% this year, was up slightly on last year (16.5%). This was mainly due to the Les Senioriales opening seven new reidences over the financial year.

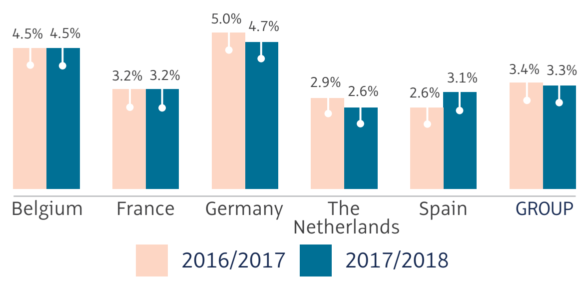
Turnover rate	**2016/2017**	**2017/2018**
Number of new staff	1,665	1,924
Number of departures	1,622	2,110
TURNOVER RATE	**16.5%**	**19.1%**

Breakdown of departures by reason in 2017/2018



- The absenteeism rate, 3.3%, was practically unchanged from last year (+3.4%).

Absenteeism rate



3.2.2 Making the Group more attractive

Making ourselves more attractive and recruiting are two major challenges for the Group. Our tourism operations involve "hard-to-fill" jobs such as housekeeping, security, reception and call center work and any jobs relating to new technologies (IT, digital, analytics, etc.). In addition, because some of the Pierre & Vacances sites, operate on a seasonal basis, staff are hired several times a year and for each season.

For the last two years, work on the employer brand and on structuring our recruitment campaigns, has helped to make the Group more attractive and to raise its profile on the jobs market. Our objective is to position ourselves as the leading local employer in the tourism business.

3.2.2.1 The employer brand

The background work carried out last year on the Employee Value Proposition continued in order to raise the Group's profile externally, beyond its commercial brand names. The work was carried out on a collaborative basis and resulted in the definition of four pillars, shared by the entire Group: an international playground, innovation by all, growth and career development for all, warm and friendly relationship our signature "open up a whole new world of possibilities". Last year was devoted to creating a dedicated employer brand communications platform and, in particular, to drafting joint offline and online communications tools to meet each brand's specific requirements.

3.2.2.2 Recruitment policy

On these bases, the digital recruitment strategy continued this year with consolidation of our partnerships with dedicated platforms and social networks with a view to reaching target populations for each business line. By way of example, a major advertising campaign was conducted this year, via social networks and dispalys, to recruit housekeeping staff.

The recruitment of interns was also encouraged. A specific advertising campaign for interns and apprentices was launched on social media, placing value on experience and promoting recruitment opportunities within the Group. In 2017/2018, 36.8% of graduate interns and apprentices at the head-office in France were hired on fixed-term or permanent contracts after their training and apprenticeship period.

With regard to seasonal workers, a targeted advertising campaign aimed at attracting the best candidates was launched on the topic of "What are you doing for the next few months? Pierre & Vacances is recruiting 700 smile creators". This campaign was able to target a larger number of applicants. At the same time, retention of seasonal workers is also a major work focus as retention meets a high percentage of our requirements in terms of repeat recruitment. To do so, an orientation pathway *(work@PV)* enables on-site teams to support seasonal workers throughout their working lives within the Group and to give them specific training. This year, the Group's evaluation process was applied to seasonal workers (see section 3.2.3.3). This process enabled them to receive constructive feedback on the work provided during the season and to track each individual's history with a view to working together again in future seasons. The Pierre & Vacances brand also ensures that it offers good working conditions and specific benefits under seasonal contracts: living accommodation, employment-based social protection (health and welfare), staff holidays at preferential rates, and internal job mobility. The retention rate for seasonal workers is now monitored for the Pierre & Vacances brand in France. This year it was 45%.

To continue this work to make the Group more attractive as part of a three-year strategy, specific projects will be launched next year to increase the reach and raise the profile and reputation of the Group across social networks. In addition, recruitment campaigns, particularly for "hard-to-fill" jobs, will continue.

The Group is also capitalising on in-house know-how and skills. Internal mobility and employee development is encouraged. 3,060 Group employees (excluding Spain) benefited from internal transfers and/or in-house development over the year, to meet their professional development aims in line with Group requirements.

3.2.3 Developing our employees' skills

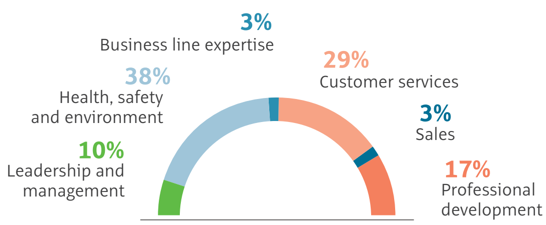
3.2.3.1 Training – key to meeting business challenges

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.

Service quality and customer experience at our sites is a priority for the Group and is one of the main objectives of the training policy. The "service approach" is ongoing at Pierre & Vacances and a hospitality programme has been devised and rolled out at a Center Parcs pilot site (with plans for full roll-out, on a gradual basis, over the next two years). Made-to-measure training courses have been introduced to support the upscaling of some of our Pierre & Vacances and Center Parcs sites.

The focus has also been placed on sales expertise in terms of on-site teams' sales expertise at Pierre & Vacances and Center Parcs sites (development of on-site sales of products, activities and services), as well as on improving the sales performance within the Marketing & Digital Department and at Pierre et Vacances Conseil Immobilier SAS.

Training hours distribution



Training programmes leading to professional certification have also been introduced for "hard-to-fill" jobs (swimming pool or housekeeping staff) and training courses for specific roles have been organised, on an individual and collective basis, for support function employees within the context of changes to business lines.

A new "e-learning" platform offering practical and fun training courses on different Group products and services was also set up for Call Center teams in France. It will be expanded next year.

In addition,B-CORE managerial growth paths, project management and annual performance appraisal training programmes (combined with training in the new HRIS H@ris) continued this year.

Lastly, the Group, being mindful of the safety, security and health of its employees and customers, continued its dedicated training programmes (on posture and body mechanics, managing unhelpful behaviours and theft prevention).

In the next year, training modules will be set up as part of other projects being conducted for each of the brands, notably the "lean management" and innovation initiatives.

Total number of training hours

	2016/2017	2017/2018
Total number of training hours	74,658	69,446
Average number of training hours per employee	12.37	9.19
Proportion of employees trained	49%	60%
Proportion of women among trained employees	63%	61%
Training budget	2,745,590 €	2,415,698 €

3.2.3.2 Managers are key to team performance

B-Core and B Community

Being convinced of the importance of the role of managers within the organisation in terms of Group performance, 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 have a common standard that extends beyond business lines, countries and brand names and to improve their day-to-day understanding of their roles and responsibilities.

In addition, a community of *"B-Community – Leaders"* was created three years ago to forge links and facilitate dialogue, improve their skills and develop a common managerial culture. It also enables the Group to effectively relay its vision and strategy.

Leadership and management training

In late 2014, a global "managerial growth path" for "Group Leaders" was developed. It was improved and then extended to other managerial levels this year (i.e. "regional managers" – responsible for services). Its objective: to support managers in their role as leaders, coaches and agents of change. Since 2015, nearly 1,300 managers have followed this training programme. The consistency of the messages and practices disseminated across the Group has helped to make managers more professional. This progress was recognised by their own employees, as shown by the results of the 2017 *Happy@Work* satisfaction and commitment survey.

Performance appraisal – key to meeting business challenges

Performance evaluation is a key process of the managerial function. This process is now fully digitalised and common to the entire Group. Continuing throughout the year, the process was formalised, in particular, during annual performance appraisals and work-related interviews which were given to 81% of our employees in 2017/2018 (excluding Spain).

Identifying employees' potential, strengths and weaknesses, and career development, these appraisals are also an opportunity to look more closely at employees' individual needs and to put in place tailor-made action and training plans.

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

As a result of managerial involvement, since 2014, the Human Resources department has piloted an initiative to identify and develop "Talent" and "Key specialists", on a Group-wide basis. Career pathways for employees are also the focus of particular attention and 63% of our talented individuals have benefited from internal transfers over the last three years

The 5.0 project, conducted in 2017 on the occasion of the Group's 50th anniversary, to promote innovation and prepare for the future, focused on developing young talent. This project had two main priorities: "how can we give our customers an unforgettable experience?" and "how can we use our resources intelligently to improve?". A group of fifty or so ambassadors were selected from our pool of talented individuals aged under 35. Their role was to encourage the emergence of ideas within the business and to promote innovation and entrepreneurial transformation. All employees were invited to post ideas on a dedicated digital platform. The 50 ambassadors received specific support based on collective intelligence and collaborative working processes to generate the most relevant ideas. The ambassadors presented a dozen or so projects to the General Management Committee in December 2017. Three were selected and are in the process of being rolled out. This programme led to the creation of a Group Innovation Department tasked with structuring innovation within the Group, identifying new growth drivers and increasing openness and collaboration with players in the new economy.

3.2.4 Overseeing well-being and monitoring employee satisfaction

We are convinced that employee satisfaction is an indication of individual and collective commitment and effectiveness, and that it is the cornerstone of customer satisfaction. We also consider the well-being and commitment of our teams as major issues for our HR policy.

3.2.4.1 Measuring and improving employee well-being and commitment

A Group-wide survey, designed to measure the satisfaction and commitment of all our employees, was conducted in 2017 for the second time. This survey recorded a participation rate of 72%. It confirmed employees' highly positive feedback regarding the Group in general and, more particularly, the priority given to customer orientation (approved by 80% of employees), the overall strategy on working conditions (75%) and the quality and effectiveness of management (73%). Employees appreciate the support offered to them, particularly in terms of training.

In line with these results, nearly 550 targeted action plans were compiled in 2017/2018. They cover all the items included in this survey and, more particularly, managerial initiatives, working conditions and employee development. These action plans were, or are, in the process of being rolled out by managers and their teams in 2017/2018 and 2018/2019.

A new survey will be launched in 2018/2019 along similar lines so that results can be compared and progress monitored.

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 processes and standards consistently and giving managers the tools they need to support their teams (internal mobility, remuneration, evaluation, updates on the Happy@Work action plan, etc.).

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. The roll-out of CSR policies specific to each brand ("Faisons plus ensemble" for Pierre & Vacances and *Naturall* for Center Parcs) makes it easier for teams to adopt specific approaches.

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 of environmental issues and best practice which should be adopted at their site. The BEST tool, rolled out across all Pierre & Vacances sites in France and Spain made it possible to share training materials more smoothly this year. In addition, the workshop held by the sustainable development team at the business line's annual convention this year presented the perfect opportunity for introducing the "Faisons plus ensemble" policy and for sharing the targets and initiatives put in place with site directors and some of their managers.

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' seniority (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 is an invaluable driver of the strategy's progress.

3.2.4.3 Equal opportunities at work

The subject of equal opportunities for employees is important for the Group and we are convinced that diversity within teams creates value. 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 64% of employees and 54% of managers are women. This figure has remained stabled of the last few years. Women account for 61% of all employees trained, which reflects the proportion of women within the Group staff as a whole.

A unilateral agreement on well-being and equal opportunities at work is currently in force in France. In addition, every year in France, during the Statutory Annual Wage Negotiations, equal pay indicators are shared with labour partners; no gender pay gap was reported during the last negotiation.

A transparent and fair remuneration policy

Remuneration and employee benefits are a means of improving performance and protecting the lowest paid workers. Continuing the consistency and optimisation effort begun in previous financial years, our remuneration policy has 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 this policy, 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 €355,502,000 for 2017/2018.

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 performance 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.

In addition, 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 was renegotiated and signed in July 2018 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 147 this year, or 2.9% of the workforce in France, slightly down on last year (3.4%).

Once again this year, awareness-raising events were held to support our employees in their attitudes to disability. Moreover, the network of disability representatives (HR managers; Health, Safety and Working Conditions Committee; and members of the Disability Commission), which was set up to better implement the policy on the sites, continued its work.

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.

Employment of workers with disabilities France.

	2016/2017	**2017/2018**
Proportion of employees recognised as workers with disabilities	3.4%	2.9%
Number of employees with disabilities during the year	170	147
Number of employees recognised as workers with disabilities recruited during the year	29	21
Number of adaptations of the working environment for employees with disabilities	1	0

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 530 meetings were held with staff representatives across the Group during the 2017/2018 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
Teleworking	UES Supports and PVCI	2008	Unspecified
Unspecified Gender equality	France excluding S.I.T.I. and Les Senioriales	2013	Unspecified
Disability	PVCI – UES SUPPORT – PV Résidences et Resorts France	2018	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	2018	Annual
Guadeloupe profit-sharing	SET Pierre & Vacances Guadeloupe	2016	3 years
Method agreement on psychosocial risks	UES Tourisme	2010	Unspecified
Collective Labour Agreement concerning the tourism sector	The Netherlands	2017	2 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 Health Insurance	The Netherlands	2017	1 year renewable each year
Mutuelle Aegon WIA(1)	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.

3.2.4.5 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 jointly by the Operational Risk and Human Resources departments.

For Pierre & Vacances

The Operational Risk Manager – Prevention and Security, manages risk in France and Spain. Regional prevention and security officers represent this manager on the ground and ensure the smooth roll-out of 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. In France and Spain, a risk prevention tool can be used to perform a risk analysis and produce a "Document Unique" (risk report) for each site. Accidents are monitored using two indicators, the severity rate and the frequency rate of workplace accidents. For Pierre et Vacances France, the target of reducing workplace accidents by 25% was set for the coming year – in line with the calendar year used by the French Department of Employment, commencing on 1 December. For Spain, the target is to keep the frequency and severity rate stable.

As in previous years, audits were organised this year for all residences in France and Spain and training was delivered to all regional, area and site directors and technical managers.

In addition, as part of the Scheduled Accessibility Agendas (*Agendas d'Accessibilité Programmée* – Ad'AP), a budget of €6 million was set aside and a plan for the roll-out of the works established up to 2021; the planned works are currently being carried out.

Beyond the tourism business, the Operational Risk Manager – Prevention and Security, supports Pierre & Vacances Développement teams to incorporate prevention and security rules in property development projects.

For Center Parcs

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 maintained their dual ISO 14001 and ISO 50001 certification this year, attesting to the quality of the management system in place.

All procedures and the safety policy disseminated amongst teams to reduce, as far as possible, the incidence of on-site accidents, and they are monitored via workplace accident severity and frequency rates. In addition, an innovative partnership was established with the French national gendarmerie, as part of the government's "Tourism and Safety" programme. Based primarily on prevention, information exchange and crisis management preparation, this partnership was expanded this year with six joint safety drills and "Sécuri-Sites" certification for four Center Parcs sites. Under this partnership, Center Parcs France also won the gold medal for best safety department/team as well as the prize given by the general public at the 13th celebration of the security awards.

On the whole, the increase in accident frequency, which was up 8% on last year, mainly related to the housekeeping team (particularly staff bicycle use) and newly opened sites (Villages Nature Paris) or sites re-opened after being closed for works (Center Parcs Vielsalm). The roll-out of the digital version of SHE Matters should also raise all employees awareness of day-to-day risk prevention. A marked increase was also noted this year in the number of accidents recorded that were directly linked to Pierre & Vacances processes (accidents having, in the main, a low, or very low, level of severity). The increase in Group-wide severity rates related to some accidents being generated by long-term sick leave.

Frequency / severity rate of workplace accidents

	2016/2017	2017/2018
Frequency rate	27.9	32.2
Severity rate	1.15	1.38

2016/2017 severity rate corrected to include absences recorded in 2016/2017, relating to an accident that occurred the previous year.

3.3 Limiting the impact of our sites on natural environments and encouraging biodiversity

Controlling the impact of our activities on the natural environment is one of the Group's biggest challenges and measures are taken not only during the design, construction and operational phases of our sites but also in our growth and site selection strategies.

3.3.1 In the Group's growth strategy

The environmental dimension is something which is taken into consideration very early on, as soon as sites are selected. In France, for major property developments (over 100 accommodations), on land in natural or unbuilt spaces, the Group has a policy of assessing sites' ecological sensitivity. Before deciding on a site, environmental pre-assessments or, at the very least, issue mapping is systematically carried out on the prospective development zone. This measure may lead to land with major environmental issues being discarded. Lately, studies have been conducted for three (Center Parcs Saône-et-Loire, Jura and Lot & Garonne) of the five projects under development. With regard to the ongoing Avoriaz "Téléphérik" project, a more comprehensive environmental assessment has been launched at the request of the local authority. For its part, the next project at Aime-la-Plagne will be primarily constructed on land that has already been built on (car parks).

In addition, the issue of the use of natural space is increasingly monitored and managed by both French and European regulations, with governments seeking to limit soil erosion, the destruction of local ecosystems and hydrographic imbalances. When projects are designed, specific measures are taken to minimise the impermeable surface area, maintain the hydrographic balance and ensure ecological continuity. This issue is gradually being incorporated into the Group's growth strategy, both in terms of new property development projects and other areas of growth. Opportunities to develop sites that have already been built on (brownfield sites, military sites, campsites, etc.) are increasingly taken into consideration. By way of example, the Center Parcs in Allgäu, Germany, which was opened in October 2018, was developed on an old military site after it had been decontaminated and some of the buildings were incorporated into the layout. Likewise, the Pierre & Vacances residence that opened in Deauville this year was built on the site of some old warehouses, which were regenerated by the City into a tourist district.

The Group's tourist developments also involve restructuring existing buildings, particularly in ski resorts. The Group carries out major restructuring work on old tourist buildings with no impact on the use of unbuilt spaces. In addition, when the Group builds new residences , the developed footprint is often much smaller than other tourism rental concepts with the same number of beds.

Lastly, the diversification of the growth model for the Group's tourism offering (notably for maeva.com and Pierre & Vacances) is based, not only on new builds, but also on developing partnerships with other operators, resulting in no increase in our direct impact on the use of unbuilt spaces (sales of holidays in partner residences).

3.3.2 During the construction and operational phases

3.3.2.1 Construction phase

When new projects are developed, protecting the biodiversity of the sites selected is of the utmost importance. An analysis of the baseline condition of the environment is automatically carried out. It is based, amongst other things, on a "four season" diagnosis which aims to list the fauna and flora-related challenges of the site. 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 avoid, reduce and mitigate (ARM) the impact throughout the project. The first measures relate to adapting the layout to suit the site's specific environmental constraints. Following the design phase, a "green project" charter is introduced, which outlines all of the measures to be taken to preserve current biodiversity and avoid any pollution of the water or contamination of the natural environment. The environmental certifications in place on the projects provide additional guarantees that these commitments will be adhered to.

Center Parcs Allgaü (Germany)

The Center Parcs project at Allgäu is ongoing, with a view to opening the site October 2018. Choosing a site that had already been built on – an old military site – for the development of this site is in line with the Group's strategy of reducing impacts on the natural environment. The site had to be fully decontaminated before construction work started making it possible to prevent any future ground water pollution. Lots of measures were also taken, both on-site and locally, to protect biodiversity: 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. Measures were taken to limit the impact during the operational phase, such as keeping roads narrow, imposing a speed limit across the site and choosing to install an external lighting system with low levels of light pollution.

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 (87 hectares, 400 cottages).

Within the context of the participatory governance implemented since the project's launch, an environment committee made up of community and institutional players was set up. It monitored "four season" environmental assessments thereby making it possible to identify sensitive areas and species of fauna and flora to be protected.

Applications for environmental authorisations under the Water Act, the land clearance regulations and the exemption to the destruction of protected species regulation, were the subject of an impact assessment as well as work on the layout and location of the buildings with the aim of limiting the project's environmental impact as much as possible. In practice, the mitigation hierarchy (avoiding, minimising, offsetting) was applied and the most sensitive areas avoided. Measures were devised for residual impacts such as creating a "dark corridor" limiting light pollution around the Papetier pond, the ecological restoration of high stakes environments and the creation of the SNS, Sensitive Natural Space. The project was approved by the National Council for the Protection of Nature (CNPN) and the Environmental Authority. The prefectoral order authorising the project was issued on 11 October 2017.

3.3.2.2 Operational phase

Managing green spaces during operation

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. The Center Parcs *Naturall* policy provides for the implementation of a differentiated management plan to enhance biodiversity on all sites by 2020. To date, 75% of sites have individual management plans.

The protection of the environment and biodiversity are also some of the issues monitored for the Pierre & Vacances brand. Site employees are trained in the impacts of operations, and of green space management, on biodiversity via BEST sustainable development standards and the *Faisons plus ensemble* policy.

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 a 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. For five years, between 2013 and 2018, a survey was conducted every year. A comprehensive assessment of species evolution is planned during 2018/2019 financial year. After which, a survey will be conducted every three years.

Focus on Villages Nature® Paris

As part of the One Planet Living sustainable development approach at Villages Nature® Paris, work on the ecological management of the site is now continuing into the operational phase. This is being implemented by two dedicated officers with support from a specialist firm on biodiversity. The ecological management plan and work carried out by the teams aims to conserve the heritage animal and plant species existing on the site in their original state and to maintain the environment to encourage the arrival of new species. The differentiated management of green and natural spaces, as well as zero use of phytosanitary products on green spaces seems to encourage the development of on-site biodiversity. According to the latest counts in 2018, 92 protected species were present at Villages Nature® Paris.

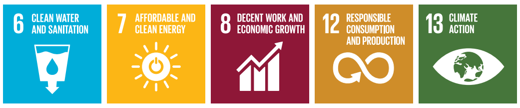
Water pollution prevention measure

The protection of the natural environments of Pierre & Vacances and Center Parcs sites or adjacent areas is also a major challenge for the Group.

Anti-pollution measures are taken across all sites, such as using containers for storing chemicals or training housekeeping and swimming pool staff in the dosage and use of chemicals. Specific tools and processes are also used for each brand name. At Pierre & Vacances residences, the fight against water pollution accounts for eight mandatory actions included in the BEST standard. Sites must, for example, use natural or eco-labelled maintenance products.

At Center Parcs sites, for several years now, ISO 14001 certification has enabled procedures and training to be managed in line with pollution risks.

3.4 Improving our sites' environmental performance and responding to climate issues



3.4.1 Site certification

3.4.1.1 Construction phase

For new developments, the Group's sustainable development commitment is structured around building certifications. This allows us to set precise environmental performance targets for each project and to offer guidance to our teams. Certifications also constitute an additional, third party, recognition of our projects' actual environmental performance. The two projects completed this year, Pierre et Vacances Deauville and Center Parcs Allgäu in Germany, obtained environmental certification (100% of sites delivered).

Center Parcs Lot-et-Garonne

For this project, "HQE Aménagement" certification (High Quality Environment certification in building and landscaping) was selected very early on, not only to ensure the project's environmental performance, but also to support local consultation and integration.

An objectives charter was drawn up, based on three pillars: involvement in the local community and boosting the local economy; ecosystems, biodiversity and water; ecological footprint and well-being.

An initial audit was conducted and the first "HQE Aménagement" certificate was obtained for the initial phases. Various strengths were highlighted, notably, the project's contribution to developing regional and departmental tourism, local job creation and environmental measures taken to protect biodiversity (see section 3.5). In terms of low carbon strategy, the project plans to cover 80% of the village centre's heat requirements with renewable energy (wood-fired heating systems), whilst the heart of the village is open-air, and therefore unheated, thus limiting energy consumption. Lastly, the site will be fully pedestrianised.

Center Parcs Allgäu

DGNB certification was obtained this year for the Allgäu project. The strengths identified for this project included the choice of site (an old military site) and the arrangements made to take advantage of the existing infrastructure i.e. re-using existing roadways and re-using materials taken from demolished bunkers to build foundations for cottages (thereby avoiding the use of around 100,000 m^3 of concrete). The architecture of the cottages was noted as having been inspired by the regional "alpine" style in terms of the timber structure, roof and facades and locations were noted as maximising exposure to the sun. In addition, innovative waste collection facilities were used. Containers at voluntary waste collection points were equipped with sensors to ensure that they were filled effectively, thus limiting the number of unnecessary operations and journeys for vehicles. Measures were also taken to protect biodiversity (see section 3.3) and a number of nature-related customer activities were offered, including in partnership with local operators (see section 3.6).

Villages Nature® Paris: the One Planet Living initiative

In addition to the One Planet Living approach and action plan implemented (see section on SD), the Aqualagon, the resort's most iconic building, received it's own specific HQE certification. The last audit was conducted in late 2017, confirming its "exceptional" passport.

Pierre & Vacances residence – Presqu'île de la Touques – Deauville

The premium Presqu'île de la Touques residence, which opened in May 2018 in Deauville, obtained "HQE – Tertiary building" certification. In addition to high-performing insulation, the site is fitted with heat recovery and renewable energy production equipment (solar panels, grey water heat recovery systems, etc.). Heating and electricity requirements are controlled remotely for each individual apartment, thereby enabling energy use to be regulated as much as possible. In addition, the site has been developed in an old industrial zone which has been regenerated (see section 3.5).

3.4.1.2 Operational phase

Internal Tools – BEST

The BEST tool has two main objectives:

- to set an annual performance level target that is monitored over the year and is drawn up together with the operating management teams. Specifically, site managers must implement "standard" (obligatory) and "additional" actions. These actions focus on three areas: management (which groups together all CSR approach on-site management issues); customer experience (adding value to the sustainable development strategy for customers) and reduction of the environmental footprint;
- to make sustainable development standards part of the sites' daily lives (by action planning, a control panel not just for indicator monitoring but also for feedback and sharing best practices).

BEST was launched in 2016/2017 among Green Key certified Pierre & Vacances sites in France and was implemented across all Pierre & Vacances sites in France and Spain in 2017/2018 (159 sites).

The tool and the action reference system were presented to all site managers during e-learning or classroom-based training sessions. The implementation of action plans and sustainable development standards was monitored throughout the season. Monitoring was conducted via telephone calls, site visits and audits carried out by an independent firm as part of the quality approach in relation to the brand's rules and standards.

At the end of the 2017/2018 financial year, 80% of Pierre & Vacances sites had implemented the standard actions required (86% in France and 55% in Spain).

The objectives for 2018/2019 are, firstly, to maintain the CSR team's support to help sites with the implementation of their action plans (focusing primarily on Spain); to carry out inspections to make sure that standards are being applied at all sites; to adapt the tool so that it can be rolled out across all Center Parcs sites in Europe (incorporation of *Naturall Plan* and ISO certification requirements).

External tools

ISO 14001 and ISO 50001 – Center Parcs

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 executive management bodies and 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. Center Parcs sites have also become the first major players in the tourism business to obtain dual ISO 14001 and ISO 50001 certification. As is the case every year, 1/3 of the parks will be audited with a view to ISO re-certification in 2018/2019.

In addition to ISO certification, the Center Parcs brand decided to extend Green Key certification across all European sites with the aim of certifying all Center Parcs by 1 January 2020. Two sites were certified this year.

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, etc.) was followed throughout the construction phase and will be continued during the operational phase. A Sustainable Action Plan was rolled out with specific and measurable quantitative or qualitative targets. It is audited annually by an independent third partywhose role is to ensure that commitments are properly managed and monitored. The annual review of action plan progress, which is published and presented to local stakeholders within the context of the Sustainable Development Consultation Committee, means that the site's actual performance can be monitored and areas for improvement can be identified.

Green Key – Pierre & Vacances and Center Parcs

Green Key certification was renewed for 2018 across all sites already certified. Only the Restanques village in Saint Tropez was not put forward for the award and will no longer be certified from late 2017 due to the fact that not enough of its apartments are managed by Pierre & Vacances. By 1 January 2018, four additional sites had obtained certification, bringing the number of certified Pierre & Vacances sites in 2017/2018 to 52, compared with 50 the previous year, and increasing the percentage of certified premium residences to 87% from 73% in 2016/2017). Over the year, 40% of Pierre & Vacances sites in France were Green Key certified and 32% in France and Spain (of the sites operated by the Group).

Furthermore, the three Pierre & Vacances premium residences not yet certified (Courchevel 1850, Biarritz et Deauville) were audited by the Green Key teams in 2018 and are due to obtain their certification on 1 January 2019. The target of 100% certification of Pierre & Vacances premium sites in mainland France is likely to be reached by 1 January 2019 (targets initially set for 2018).

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 sustainable development approach. Pre-audits were conducted internally on two pilot sites and a budget was set aside to meet crucial energy management and waste treatment criteria with a view to applying for certification the following year.

To date, 41%[1] of Center Parcs and Pierre & Vacances sites are certified (ISO14001 or Green Key).

(1) Sites for which data are consolidated - excluding Maeva and Adagio

3.4.2 Limiting our energy and water consumption

The amount of water and energy consumed by tourism operations is an environmental, as well as an economic issue, as it is one of the sites' main expenditures. *Naturall* policies for Center Parcs sites and *Faisons plus ensemble ("doing more together")* policies for Pierre & Vacances residences and villages were formalised by measurable targets for reducing water and energy consumption by 2022 (-25% reduction for Center Parcs between 2010 and 2022 and 15% reduction in water consumption and 20% reduction in energy consumption for Pierre & Vacances between 2014 and 2022).

Total volume of water and energy used by the sites, managed by the Group	2016/2017			2017/2018		
	CP	PV	Group	CP	PV	Group
Number of sites included in the scope:	24	159	183[(2)]	25	159	183
TOTAL WATER *(M^3)*	**3,330,743**	**1,864,989**	**5,195,732**	**3,592,045**	**1,854,936**	**5,446,981**
Volume of water (m^3)/night[(1)]	0.85	0.59	0.73	0.86	0.59	0.74
TOTAL ENERGY *(MWH)*	**682,506**	**144,082**	**826,588**	**705,963**	**146,948**	**852,911**
Volume of energy (kWh)/night[(1)]	173.22	46	116	169.67	47	117
Electricity *(in MWh)*	153,949	111,142	265,091	167,767	112,965	280,732
Gas *(in MWh)*	508,418	11,687	520,105	493,782	12,176	505,958
Wood heating systems *(in MWh)*	13,841	0	13,841	44,414	0	44,414
Fuel oil *(in MWh)*	6,298	6,637	12,935	0	7,187	7,187
Urban heat *(in MWh)*	0	14,616	14,616	0	14,620	14,620

(1) Nights: An accommodation rented for one night represents one night, irrespective of the number of occupants.
(2) Sites for which data are consolidated - excluding Maeva and Adagio

3.4.2.1 Monitoring usage data

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 under management contract with the Group are responsible for). Therefore, volumes of use (see table above) 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 is in the process of being rolled out across Center Parcs sites.

Usage per night is expressed per overnight stay, irrespective of the number of occupants.

3.4.2.2 For Pierre & Vacances

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).

Energy use

Overall energy use for residences in France and Spain were up 2% due to the opening of five new sites in Spain and the Presqu'île de la Touques site in Deauville. Energy use per overnight stay, however, remained almost unchanged at 47 kWh per overnight stay.

As part of the work to monitor and optimise energy use, a number of major initiatives were conducted this year. The relamping programme was extended, with over 30,000 light bulbs changed to LED or low energy bulbs in 2017/2018. In addition, an owners' guide was developed to encourage owners to upgrade their energy efficiency and to promote alternative financing solutions. Lastly, energy efficiency solutions were launched at several pilot sites.

In addition, a customer communications campaign is planned for Pierre & Vacances France and Spain with stickers in accommodations urging customers to be mindful of their water use and to use lights, heating and air conditioning appropriately.

Water use

Total consumption was practically unchanged from the previous year (-0.5%) for France and Spain. Major efforts to detect leaks and repair them quickly have made it possible to limit use at sites.

Two reductions targets were set for 2022: a 15% drop in water and 20% reduction in energy use per overnight stay compared with 2014 – currently down 12% for water and 16% for energy.

3.4.2.3 For Center Parcs

The Naturall Plan sets specific water and energy use targets: cut energy and water use by 25% between 2010 and 2022 (based on use per overnight stay per person – standardised to unified degree days – excluding Villages Nature® Paris.

Energy use

The targets, staggered over the coming years, are in the environmental programme of each site and incorporated in the ISO 14001 and ISO 50001 certifications.

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 and targets, performs analyses and consolidates data across all sites in Europe. Depending on the performances observed, the expert will suggest action plans and investment plans to continuously improve sites' energy performance.

In 2017/2018, there was a 9% increase in the total volume of electricity used and a 3% drop in the total volume of gas used. The total energy consumption rate per overnight stay was down 12%, the total volume having dropped by 3%. The drop in use per overnight stay was due to greater control and better use of equipment by users. Major investments have been made this year to improve the energy efficiency of the facilities. Switching over 70,000 bulbs to LED at sites in Europe made it possible to save electricity. Lastly, the oil-fired boilers at the Vielsalm Park were replaced by gas boilers which emit less CO_2 and are more efficient.

Water use

Water use per overnight stay was up slightly on last year (+1%) and the total volume was up 8%. 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. The opening of Villages Nature® Paris led to an over-use of water early in the year for filling tanks and for teams' hands-on use of equipment.

These initiatives are part of the *Naturall* policy and are helping to achieve the target of reducing energy and water use by 25% between 2010 and 2022 per overnight stay per person – to date, there has been a 12% drop in water use and an 11% drop in energy use (excluding Villages Nature® Paris). Targets for reducing water and energy use also apply to Villages Nature® Paris from 1 October 2018.

3.4.3 Responding to climate change issues

Climate change is a real challenge for the tourism business which accounts for 8% of all greenhouse gas emissions[1]. The Group takes this issue into consideration via the *Naturall* and *Faisons plus ensemble* policies. Through energy use reduction targets, the use of renewable energies and site labelling and certification, these policies help to respond to climate change issues. The question of adapting to the consequences of climate change is taken into consideration for new property development projects. Research will be carried out over the next few months to propose relevant indicators to measure the effects, particularly the physical effects, of climate change on the Group's business.

3.4.3.1 Limiting Greenhouse Gas (GHG) emissions

Monitoring GHG emissions

To better understand and limit items with the greatest impact in terms of greenhouse gas emissions, every four years, the Group publishes an updated carbon footprint of all its scope 1, 2 and 3 activities (in accordance with Ademe's "Bilan Carbone V7.5" emission factors, using the "location based" method). The latest update, published in 2016, confirmed that the Group's main greenhouse gas emissions are: customer transport, energy use, purchasing, renovation and construction; and enabled us to work on these specific areas by entity and by brand.

Reducing customers' travel-related CO_2 emissions

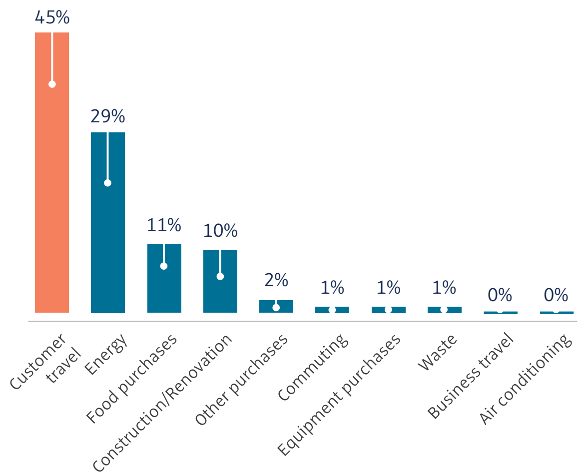
The fact that holidays are offered on a regional basis helps to limit the transport-related CO2 impact (the average distance travelled by our customers is 400 km), and the means of transport used (mainly by train and car) produce less carbon emissions (than an aeroplane, for example). Certain measures are proposed to encourage customers to limit their car use (even though this form of transport remains our customers' preferred mode of transport) : shuttles to the nearest train stations are offered with partners for some destinations and information on how to access our sites by train is provided for each of our sites.

(1) According to a study published in the journal « Nature – climate change – May 2018".

Reducing energy use-related CO_2 emissions

Volume of CO_2 emissions from energy consumption managed by the Group	CP		PV		Group	
	2016/2017	2017/2018	2016/2017	2017/2018	2016/2017	2017/2018
Number of sites included in the scope	24	25	158	159	182	184
GHG emissions (in tonnes of CO_2 equiv.)	165,000	161,005	16,192	17,124	181,192	178,129

Scope: same as energy volumes.
Usage by heating networks is not included.



The Group uses over 800GwH a year and so CO_2 emissions relating to energy use are the Group's second-biggest source of CO_2 emissions. In 2017/2018, energy use-related CO_2 emissions were down slightly (-1.6%). This was due mainly to the use of geothermal energy at Villages Nature Paris® and the replacement of oil-fired boilers at Center Parcs Vielsalm with gas-fired boilers. These measures save over 7,500 tonnes of CO_2 equiv. a year. GHG emissions per overnight stay were down 3%.

Initiatives are being conducted in each business line to manage energy use and promote renewable energies to reduce our global "energy" carbon footprint.

On the one hand, for each site operated, tools and processes are rolled out to monitor and optimise energy use and targets set (see section 3.4.2).

In addition, when developing new projects, the installation of renewable energy equipment is systematically considered. To date, a number of sites have been fitted with renewable energy equipment: a wood-fired heating system as part of the expansion of the Avoriaz resort in 2012 covers the heating and domestic hot water requirements of all the new Pierre & Vacances residences and aquatic facilities; the new Deauville site is fitted with solar (thermal) panels; since 2008, a wood-fired heating system has covered nearly all of the heating requirements of the communal areas (dome and Aqualagon) at Center Parcs Domaine des Trois Forêts; a geothermal unit provides all the heating and domestic hot water requirements (central facilities and accommodation) at Villages Nature Paris®; photovoltaic panels have been installed on parking shelters at Center Parcs Bois aux Daims (the electricity produced is reintroduced into the grid) and the heating system for the cottages and central buildings has been designed to run on biogas should a biomass facility be developed locally.

In addition to equipment designed when new sites are built, renewable energy equipment is considered for sites that are already operating (e.g. photovoltaic panels to heat swimming pools at some Spanish Pierre & Vacances sites). The fact that the Group does not own the buildings is the main brake on developing these types of installations. Purchasing green electricity does, however, make it possible to increase the share of renewable energy in overall operational energy use. Center Parcs aims to cover all the electricity required by its European sites with green electricity contracts from January 2020. 100% of consumption in the Netherlands and Belgium is now covered by "Green" contracts and, more specifically, at the Villages Nature® Paris site, geothermal energy and a green electricity contract cover over 99% of the site's energy requirements. This contributes to the overall target set by Center Parcs (including Villages Nature Paris®) of using 60% "green" energy (from renewable sources or under a green electricity contract) by 2025 – currently 18%.

Lastly, low-carbon materials are prioritised for construction projects (e.g. use of wood for accommodation). With regard to Pierre & Vacances and Center Parcs site renovations, work is in progress with owner relations teams to raise awareness and inform owners of how they can upgrade their energy efficiency (via guidelines and newsletters).

3.4.3.2 Adapting to climate change

Climate change has direct consequences on the tourism business (heavy rainfall, very high temperatures in the summer, problems with snowfall etc.). States and international bodies have been mobilised, resulting in regulatory changes and causing citizens to have higher expectations of businesses.

The Group's development strategy takes this issue into consideration. The risk of low snowfall in ski resorts has been on the cards for several years now. The Group favors high-altitude ski resorts to ensure minimum snow cover. This is in addition to the snow guarantee given to customers at some sites to cover the costs incurred in the event of insufficient snowfall.

Issues relating to water stress or exposure to certain geographical regions with the potential to experience extreme climatic conditions (flooding, etc.) are also some of the issues identified by the Group. These issues are taken into consideration when selecting new developments. They also concern sites which are already operational. Thus, the mapping of sites in sensitive areas was updated this year with the aid of the Aqueduct tool designed by the World Resources Institute (WRI). This study identified 36 sites in "very vulnerable" and "vulnerable" areas. These were residences in Spain, overseas villages and some Center Parcs sites in Belgium. For these sites, as well as for all residences and resorts, water-saving measures have been implemented such as the installation of water savers on taps, watering adapted to rainfall and water recycling systems (e.g. reverse osmosis at some Center Parcs sites). Lastly, prefectoral or local authority decrees (ban on watering gardens, etc.) are obviously respected by the residences concerned.

3.4.4 Optimising waste management

3.4.3.1 Optimising waste sorting during the operational phase

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 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

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. Pierre & Vacances does, however, conduct initiatives to encourage sorting via the *Faisons plus ensemble* policy and the BEST standards. Certain sites, which have large enough kitchens, have waste sorting bins and 100% of Green Key certified 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. At 30 September 2018, over 80% of Pierre & Vacances residences and villages in France and Spain had recycling bins within 50 metres of the residence.

For Center Parcs

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% of waste to be 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.

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 ways to improve waste management. The expert also ensures that brand targets are met and that data are gathered and monitored.

Volume and waste sorting rate - Center Parcs	2015/2016	2016/2017	2017/2018
Number of sites	24	24	25
Total (in tons)	17,514	17,190	19,129
Recycling rate	30.93%	33.54%	39.70%
Ratio volume of waste produced per overnight stay *(kg/night/person)*	1.07	0.99	1.11

Breakdown by waste type - Center Parcs	2015/2016	2016/2017	2017/2018
Non-hazardous industrial waste – unsorted	71.0%	66.5%	60.2%
Glass	10.1%	9.1%	11.1%
Cardboard / paper	10.0%	10.2%	10.3%
Biodegradable waste	9.5%	12.0%	8.9%
Other non-hazardous waste – sorted	2.0%	2.0%	9.5%
Hazardous waste	0.1%	0.2%	0.03%

Scope: Center Parcs and Sunparks in France, Belgium, the Netherlands and Germany.
Note: the breakdown of waste has been reworked this year based on all waste for which the sites are responsible, and based on the European classification.

In 2017/2018, the recycling rate across all the Center Parcs in Europe reached 39.7% (up 6 points on the previous year). This progress was due to the inclusion this year of all green waste (grass cutting, pruning, trimming, etc.) at sites in Belgium and the Netherlands and the implementation of various recycling awareness-raising initiatives (employees and customers).

The total volume of waste, as well as the volume of waste per overnight stay, was up 11% and 12% respectively, compared with 2016/2017. This was due to more accurate monitoring of new waste flows which are now included in the indicator calculation (green waste, packaging, etc.). One of the projects planned for the 2018-2019 financial year is to continue to refine the reporting of these flows.

3.4.4.2 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.

Waste management at Villages Nature® Paris

The Villages Nature Paris® site aims to offer innovative waste sorting and recycling solutions. As with Center Parcs, the objective for the site is to sort 60% of waste by 2022. In 2017/2018, 35% of waste produced on the site was sorted. In order to take this initiative a step further, various pilot schemes will be launched over the next few months : the collection of organic customer waste (leftover food) across an entire village, zero non-recycled waste seminars as well as the collection of special waste such as aluminium coffee pods. Lastly, almost three tonnes of unsold food was donated to charities.

3.4.4.3 Ensuring proper waste management at construction sites

The Group is developing waste sorting and recycling at our various construction sites. Indicators have been introduced for each operation. In 2017/2018, 60% of construction site waste in France was recycled (the Pierre & Vacances Deauville project and the expansion of Center Parcs Trois Forêts).

Managing renovations is also one of the teams' main concerns. Items of furniture are recycled via specialist networks based around eco-organisations which are approached by the Group for each individual renovation project. In 2017/2018, 131 tonnes of furniture was collected via these organisations.

Work is due to begin in 2019 to more accurately measure the waste generated on renovation projects in France.

3.5 Building together with our partners

3.5.1 Working with local players

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.

For major property developments (over 100 accommodations) where there are significant environmental challenges, a local consultation process, which goes further than required by regulations, is systematically put in place at least six months before any application for planning permission is filed. The consultation method depends on the context and size of the project. It may take the form of public information meetings, working groups with local partners and even collaboration with French local authorities on specific issues. An external third party ensures that the consultation process is conducted correctly. The consultation process enables the local community to be kept informed of the project, to promote its acceptance and to prepare for its integration including on economic issues (meeting with businesses that may respond to calls for tenders and with employment agencies to pave the way for recruiting employees) and to make changes to the project if necessary. This cooperation with local players carries on throughout the operational phase when sites prioritise local purchasing as far as possible and encourage their partners to prioritise local procurement and favor local products. Four of the five projects being developed this year (the Center Parcs in Saône-et-Loire, in Jura, in Lot & Garonne and Aime-La-Plagne) were subject to a local consultation process (i.e. 80%).

Center Parcs, Lot-et-Garonne: ongoing consultation

After the public inquiry in the summer of 2017, and approval from the investigating commissioner, in September 2017, the project obtained building permits for the Pindères and Beauziac communes and obtained the single environmental authorisation in October 2017. 2018 was spent organising financing for the project in partnership with local authorities. In particular, a semi-public company, bringing together local authorities from the Nouvelle Aquitaine region, the Lot-et-Garonne department, the Coteaux-et-Landes de Gascogne community of communes and combining the Caisse des Dépôts and the Pierre & Vacances-Center Parcs Group, was created to acquire recreational facilities and services.

Participatory governance continued this year via dedicated committees:

- an environment committee made up of community and institutional players;
- an economic committee conducted in partnership with chambers of commerce. This committee aims to identify local businesses and to encourage them to band together to increase their capacity to respond to the Group's calls for site construction tenders (with an estimated value of €200 milion).

An employment committee will be set up during the next financial year with requirements having been assessed at between 250 and 500 jobs during the project phase and around 300 direct permanent positions created to operate the site.

The Group decided to apply for *HQE Aménagement* certification to highlight the consultation policy implemented with a view to local integration of the project environmental performance.

Center Parcs projects in Saône-et-Loire, Jura and Isère

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 complaints filed against the urban development plans (PLU) of the Rousset-Marizy (Saône-et-Loire) and Poligny (Jura) communes and therefore had to suspend the development of both projects. The Group will resume its studies once these PLUs have been finalised and approved. The Group remains convinced that these regions have strong tourism appeal and that they are able to respond to the expectations of local councils in terms of the social, economic and tax impacts and to environmental requirements.

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. In December 2016, the administrative court of appeal of Lyon upheld the prefectoral order authorising the project under the protected species derogation. Only the "water law" order, annulled by the administrative court, than the administrative court of appeal of Lyon (on compensatory measures in respect of impacted wetlands which were deemed non-compliant) is subject of ongoing legal proceedings. On 21 November 2018, the French Council of State validated the Pierre & Vacances-Center Parcs appeal by quashing the ruling under which the Lyon Appeals Court had cancelled the water law authorisation. The case is to be sent back to the same Court of Appeal, which will have to take into account the decision.

Pierre & Vacances, La Plagne – Aime 2000

In September 2016, the Group was selected by the Aime-la-Plagne commune, under a public consultation process, to develop a Designated Development Area (regeneration and construction) in the Aime 2000 district, located just down from a twentieth century listed building. The key project planning components were established over the year, in consultation with the local authority that approved the development. At the same time, a consultation was undertaken with representatives of neighbouring buildings and the project was adapted in consideration of their comments.

The first development will be a hotel based on a new tourist accommodation concept known as *"Lifestyle"*, incorporating a range of services and catering.

Pierre & Vacances, Deauville

The Pierre et Vacances premium residence which opened this year in Deauville, on the La Touques peninsula, is part of the plan to regenerate this superbly located landmark, between the river Touques and the Yachting marina, until now occupied by warehouses and industrial wasteland. Through this project, which matches the local architectures and is being carried out in conjonction with regional partners, the Group is helping to drive the area's new dynamic, by building a new tourist residence. This tourist project will be complemented by the renovation of the customs building, at the end of the peninsula, which is due to open in the second quarter of 2021.

Expansion of Center Parcs, Domaine de Bois Francs

An ambitious plan to renovate and expand the Bois Francs site in Normandy, one of the oldest Center Parcs in France, has been launched to respond to customers' new expectations and new brand standards. Talks were held with local authorities (inter-communal bodies and communes) and government departments throughout the year regarding this expansion plan so that a consultation process could be set up prior to seeking permits for future works. An adapted consultation process will be held in the first half of 2019 and meetings with local associations will be organised to explain the changes.

Renovation work also started on half the site, i.e. around 500 cottages, completing the initial phase of renovation work (nearly 200 cottages).

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 in Allgäu, 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 customers travelling to the site on the surrounding areas and ensures that local cultural and natural attractions and local and regional produce are promoted. This year, the focus has been on informing local residents and inhabitants of the region about the progress of the project.

In addition, systems were put in place to enable inhabitants of the region to apply for jobs during recruitment campaigns rolled out throughout the year.

3.5.2 Implementing a responsible purchasing policy

The Purchasing Department contributes to the Group's CSR approach by encouraging close relationships with suppliers whose CSR performance is closely aligned with that of the Group. The responsible purchasing policy was finalised this year and four priorities were defined: being a long-term economic partner to the regions; making buyers and internal customers more responsible; building a responsible supplier database and purchasing responsible products and services.

The Group made 92% of its purschase from European suppliers, 41% were from French suppliers and less than 1% from suppliers in countries considered to be "at risk", notably China.

3.5.2.1 Relations with subcontractors and suppliers

In line with Group strategy, and the French Duty of Care law of 2017, the Purchasing Department has implemented a vigilance plan.

This plan includes measures to identify and prevent risks of violations of human rights and fundamental freedoms, serious personal injury, environmental damage or health and safety risks resulting indirectly from the operations of suppliers and subcontractors with which the Group has an established business relationship, where such operations are the result of this relationship.

100% of the purchasing categories considered to be "at risk" are covered by responsible specifications which are taken into consideration when selecting new suppliers. This limits, as possible, any serious violations in terms of working practices, health and safety, environmental protection, business integrity, according to the geographical location as well as the supplier's business activity.

"At risk" purchasing categories were identified as a result of CSR supply chain risk mapping in 2017, which was updated this year. This updated mapping made changes to the list of purchases considered to be "at risk". Some categories were added (maintenance and renovation work, water purification, maintenance of drinking water, uniforms and protective clothing) and others were removed.

3.5.2.2 Building a responsible supplier database

The vigilance plan involves setting up an internal process for identifying and managing supplier risks to be applied during calls to tender. This process is called "supplier CSR pre-Qualification". In 2018/2019, every new supplier selected by the Purchasing Department must be qualified before any contracts are signed. This process applies to all calls to tender, whatever the purchasing categories in question. Suppliers are informed, in advance, that their CSR pre-qualification, i.e. the overall social and environmental performance of their tender, will be taken into consideration when the selection is made.

The CSR pre-qualification process involves sending out a questionnaire to identify applicants' compliance with regard to:

- current regulations: UN Universal Declaration of Human Rights, the International Labour Organisation's (ILO) Fundamental Conventions, the recommendations of the Organisation for Economic Co-operation and Development (OECD) and the United Nations guiding principles on business and human rights (UNGPs), the REACH and RoHS regulations;
- specific agreements for Group brands: Responsible Supplier Relations certification, Green Key certification, ISO14001 and ISO50001 certifications;
- due to their specific nature: additional questions are raised depending on the country the supplier is based in (to better understand the specific risks relating to each country) and/or the nature of their business (particularly for "at risk" purchasing categories).

When contracts are awarded, if a supplier is selected despite discrepancies being noted between CSR pre-qualification requirements and the supplier's practices, an action plan must be proposed by the supplier. This action plan will be built into the contract. In this event, buyers are instructed to monitor the correct implementation of the action plan.

All of the nine Chinese suppliers were audited. An action plan was compiled after each audit and was monitored by the Purchasing Department.

3.5.2.3 Purchasing responsible products and services for our brands

The Group is committed to developing the range of environmentally-friendly products on offer in the catalogues available at sites.

In 2017/2018, the percentage of products with environmental added value (e.g. eco-label, chemical-free) purchased in the category of cleaning products, toilet paper, disposable cleaning products and individual protection equipment (IPE) was 30% of the total purchased the previous year.

3.5.2.4 Making buyers and internal customers more responsible

A training campaign for buyers was held in 2018. To date, all Group buyers have received this training. The target for 2018-2019 is to raise the awareness of operating staff in frequent contact with suppliers and working on projects responsibilities involving significant CSR issues and new responsible specifications (for purchase categories said to be "at risk").

3.5.2.5 Being a long-term economic partner to the regions

In particular, the Purchasing Department monitors the following indicators which are markers of the Group's policy of promoting positive local environmental impact, SMEs, and the Adapted and Protected Sector (STPA):

- in France, for the Pierre & Vacances residence construction sites at Méribel and the Center Parcs des Bois Francs renovations, 73% of purschase were made locally (within 150 km of the construction site), 33% of Center Parcs Allgäu purchases were locally sourced;
- with regard to the percentage of local purchases made during the operational phase, across all five Center Parcs in France, 24% of purchases were locally sourced, within 150 km of the sites;
- the amount spent with suppliers from the Protected and Adapted Sector stood at €259,000 in 2017/2018. This figure was down 47% on the previous financial year. This drop is temporary and was mainly due to purchasing portfolios being reallocated;
- the Group kept to an average payment time of 41 days for these suppliers, a nine-day improvement on the previous year. This payment time is less than that specified by the Law on the Modernisation of the economy (LME) and supports the ongoing financial soundness of the Group's suppliers.

3.6 Placing customer satisfaction and the customer experience at the heart of what we do

8 DECENT WORK AND ECONOMIC GROWTH
12 RESPONSIBLE CONSUMPTION AND PRODUCTION

3.6.1 Improving our services and using customer and owner feedback to drive innovation

3.6.1.1 Our customers

Customer satisfaction is a priority for the Group. The shared strategy for each department is to build personal, unique and ongoing relationships with our customers. It also focuses on listening to customers in order to improve the quality of our services and ensure that they have an unforgettable stay. A dedicated team monitors customer satisfaction and indicators (e.g. satisfaction levels, NPS and feedback levels).

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 2017/2018, 217,076 Center Parcs customer satisfaction questionnaires were processed, and over 97,500 for Pierre & Vacances customers. Overall satisfaction rates stood at 80.4% for Center Parcs and 85.4% for Pierre & Vacances, a slight drop for both brands (1.5 points for Center Parcs, and 0.8 points for Pierre & Vacances compared to the previous year, but after a rise over several years). With 15.1 for Pierre & Vacnces and 1.8 for Center Parcs, the NPS remained positive for both brands, although Center Parcs recorded a 2-point drop, and the rate fell very slightly (0.6 points) for Pierre & Vacances compared to the previous financial year. However, these decreases should be viewed in the context of strong growth over several years: +15.7 points between 2012/2013 and 2016/2017. These slight decreases are due to the very difficult weather conditions that year (strong correlation between satisfaction and weather conditions). Many customers planned to return to our sites: 89% for Pierre & Vacances (stable compared to the previous year) and 89.3% for Center Parcs (a drop of 0.9 points compared to the previous financial year).

To enrich this customer feedback with crucial on-the-ground input from employees who are in direct contact with customers, a platform has been introduced so that on-site teams can provide feedback 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

Work continued on brand rules and standards at Pierre & Vacances, which had begun in 2016 with the aim of guaranteeing consistent quality and enhancing the customer experience. These rules and standards are in place at various stages of the customer experience from the time customers arrive at our sites (reception areas, accommodation, infrastructure and service approach) and incorporate specific sustainable development initiatives. Starting from the 3rd quarter of 2017, all sites have been able to assess themselves against the rules and standards, and external audits have been in place since January 2018.

Mobilising the teams

As is the case every year, training our employees in the service approach was fundamental to our strategy, to give our customers the best possible service (see section 3.2).

Furthermore, the Lean Management approach continued in Pierre & Vacances France, and was introduced in Spain. This project, which is called *"Bee Lean"* at Pierre & Vacances, was set up at the end of 2016 and introduced in March 2017. It will be rolled out at Center Parcs next year. Lean Management provides all the Group's teams (on the sites and at the head office) with working methods and tools to improve their efficiency. The aim is three-fold: to ensure customer satisfaction, improve working conditions and boost employee involvement, and drive management practices forward.

In addition to the Lean initiative, the Group is convinced that customer satisfaction is in the hands of its employees. That is why initiatives such as Happy@Work have been introduced to boost employee well-being and commitment (see section 3.2).

Multiply the contacts with our customers on review sites and social media

In this digital era, and given the ever-increasing importance of review sites and growing use of social networks, online reputation is critical for the Group. The aim is to use these new channels to deepen the Group's relations with its customers. 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 at all brand sites. The "Social Room" team is active on TripAdvisor, HolidayCheck, Zoover, Google and Booking.com, as well as on Facebook, Instagram and Twitter. The "Social Room" teams have specific targets to meet in terms of the number of customer reviews they respond to.

Furthermore, the ratings given to residences and domains on review sites mean that the teams' customer satisfaction work can be recognised, underscoring the perceived quality of our services. In 2018, 100 Pierre & Vacances, Center Parcs and Maeva residences were awarded the TripAdvisor certificate of excellence (2 Center Parcs, 39 Pierre & Vacances sites, 56 Pierre & Vacances partner sites/sites at the marketing stage and 3 Multi sites). One Pierre & Vacances residence received the Travellers' Choice award.

3.6.1.2 Our 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 can access a range of services and benefits (complete property management, support with resale, exclusive promotional offers, etc.) and are supported throughout the lease period by dedicated teams.

These teams operate within a defined policy: ensure a long-term relationship of trust between the Group and owners. The target of renewing 76% of leases (for the 2017/2018 campaign) was achieved.

Moreover, we use three other indicators to monitor the quality of relations with owners: the owner satisfaction rate – calculated in the same way as the customer satisfaction rate – which stood at 88.5% this year, a slight drop on last year (89.3%); and the number of disputes, which fell 15%. This slight drop in the number of batch of apartments (down 6% on 2016/2017) 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.

Developing a personal relationship with owners

The Group constantly strives to offer owners solutions which closely meet their expectations. To do this, the Pierre & Vacances-Center Parcs Group is committed to building special relationships. Our actions are driven by a set of values which make the owner relationship a personal one. Firstly, a proactive attitude**,** by regularly keeping owners up-to-date and anticipating their needs, via dedicated communication tools such as an online magazine, the "Webzine", which comes out once a month and contains news from the Group or the industry.

A responsive approach; we have made life easier for owners via the website. Messages sent via the dedicated website were replied to within 24.4 hours on average in 2017/2018. This figure has increased very slightly compared with the previous financial year (+0.4 points), but it is difficult to break down given the complexity of some of the queries, which have required input from other internal or external teams. Center Parcs owners can now benefit from new features, such as the option to view their occupied reservations directly on the website. A new Villages Nature Paris owners' site (in French and English) was launched at the end of the financial year, enabling owners to reserve their breaks at their properties and view their rental income accounts. Owners also benefit from practical information over the term of their lease and can book stays at reduced rates in the Group's residences.

Finally, knowing owners is also a key component. All communications are enhanced via an owner relationship management tool. This approach enables those involved in portfolio management to know their customers better, and better meet their expectations.

Other initiatives are in the pipeline to improve our relations with owners, such as a mobile app called "Thetramoov". This app will enable a direct link between owners and co-ownership syndicate representatives (for the purposes of reporting incidents or viewing responses made by the syndicate for example) but also between the jointly-owned property and its suppliers. This will save time, and improve responsiveness and traceability, resulting in fewer phone calls and less paper being used.

3.6.2 Enriching the customer experience

3.6.2.1 Giving our customers a responsible holiday experience

Our customers are increasingly looking for a holiday experience which combines fun and togetherness with respect for the environment and local populations. Therefore, the Group must continue to improve its practices and make these improvements visible to customers. This means for example, providing products which are respectful of the environment (eco-label welcome products and maintenance kits) and waste sorting solutions in the accommodation.

This policy also applies to our on-site partners. We have started working with our catering partner at the Villages to improve the quality and diversity of the product range, promote organic and fair-trade produce, and cater to different diets. This initiative also applies to certain residences that provide breakfast.

3.6.2.2 Making customers aware of our responsible approach

In order to highlight and to encourage its customers to follow best practices, the Group wants to improve communication. Work began this year on creating stickers to raise awareness of environmentally-friendly behaviours. These stickers will be introduced in 2018/2019 at all Pierre & Vacances accommodation in France. At Villages Nature Paris, similar work has been carried out, and a range of tools will be rolled out in 2019 to raise customer awareness of biodiversity and geothermal energy. Also at Villages Nature Paris, intelligent shower heads are being piloted to make customers more aware of water consumption.

3.6.2.3 Offering a holiday experience close to nature...

The Group has a unique network stretching across France, Germany, Holland, Belgium and Spain. Moreover, Pierre & Vacances residences and villages are located in a wide range of destinations, often at the very heart of the natural environment (mountains, coast, countryside), and Center Parcs sites are located in forests. All offer privileged access to each region's tourist and nature sites. This local nature tourism offering, a gateway to local regions, is the starting point of our work to enrich our customers' experience.

The "nature" aspect is an indisputable asset that the Group wants to continue to showcase. Firstly, in its range of activities for families and children. Center Parcs and most of the Pierre & Vacances villages have small farms where children can approach, and learn about, animals. Furthermore, activities aimed at raising awareness of global environmental issues are also on offer: "Wanna be a farmer/ranger...", "Center Parcs Academy" at Center Parcs, and the Eco'lidays activities in Pierre & Vacances villages, which use fun activities to introduce topics such as renewable energies, the role of bees and the importance of recycling. In total, 75% of Center Parcs sites offer one or more nature activity. At Center Parcs Allgäu a partnership has been signed with WWF Germany to devise the content of a specific activity and train the events teams. At Villages Nature® Paris, the idea of harmony between humans and nature has inspired not only the architecture of the buildings, but also the atmosphere and the activities available in the five recreational worlds. Nine nature- and craft-focused activities are on offer at the site. They accounted for 66% of the sales of all of the activities (in addition to the Kids' club sustainable development events) in the 2017/2018 financial year.

3.6.2.4 ... and to local regions

The Group also wants to make its sites gateways to the local regions. A first step is to promote local produce to customers. Work is under way to highlight local dishes in the restaurants, and regional produce is offered for sale at dedicated stands at reception, mini markets, local farmers' markets and in dedicated shops, such as the one at Center Parcs Bois aux Daims.

Activities at the sites are another way to create links with the local regions. At Center Parcs Allgäu, some children's activities are staged in conjunction with local partners (involving honey, cheese, etc.). As regards activities on offer in the vicinity of the sites, all Pierre & Vacances villages and Center Parcs sites have a branch or representative from the local tourism office, and we work with local bodies to provide holiday excursions and packages tailored to our customers. At Pierre & Vacances residences and villages, information on local activities is provided inside all establishments (recommended walks, cultural visits, excursions to discover the region and local tips), and a partnership is in place with RendezvousCheznous (offering 1,400 local activities across France). Furthermore, 28 Pierre & Vacances "Découvertes Locales" (Local Discovery) residences host a free weekly activity (excluding in school holidays) led by local experts (tastings, guided visits, etc.). Finally, the "Planet P&V" mobile app tells customers about activities available near the sites, providing practical regional information (food, concerts, exhibitions, walks, etc.).

In Deauville, where supplies are directly managed by the site, most of the breakfast products is organic and/or local and/or seasonal. All coffee, milk (dairy and non-dairy), some teas, yoghurt and butter are organic. Seasonal fruit is used as much as possible, and a spread made in France without palm oil is used. There is also local produce such as AOP- or AOC-certified cheese from Normandy, and additive-free produce.

3.7 Our corporate sponsorship initiatives

4 QUALITY EDUCATION
11 SUSTAINABLE CITIES AND COMMUNITIES

3.7.1 The Corporate Foundation

The corporate Foundation was set up at the end of 2017 to contribute to regional vitality and to help create social links in the regions where the Group operates.

Regional activity is a key facet of the Foundation's identity: it is reflected in a strong geographical proximity between the general interest projects supported and the sites enabling synergies to be built between the community project and the employees. Furthermore, the Foundation wants to promote a wide range of projects in various fields while remaining very attentive to the overall consistency of its work in view of regional concerns.

The Foundation also reflects the Group's strong values : "togetherness" and "responsible entrepreneurship". It enables employees to put forward general interest projects, come up with specific synergies on the ground and become involved in its decision-making bodies.

The Foundation supports general interest projects in the following fields:

- access to leisure and discovery of nature;
- revitalizing places of local culture and heritage;
- social and profesional reintegration.

Key figures

Over the 2017/2018 financial year, the Foundation has:

- contributed €250,000 in support of 15 general interest projects over 2017/2018. 5 of these projects were conducted outside France. Eight of these 15 projects were renewed for 2018/2019;
- mobilised almost 71 employees around local initiatives: project sponsorship, involvement in locally-organised synergies (e.g.: "Do it Yourself" and "community team building" workshops, biodiversity-themed outings in the local community, community lunches, etc.);
- involved 13 Group sites, including the head office in Paris, in building links with the local community.

3.7.2 The Group's other sponsorship initiatives

The Group has implemented other sponsorship initiatives, directly via the business lines or sites.

In 2017/2018, Pierre & Vacances France, through its "Je pars, Tu pars, Il part" foundation, donated a one-week stay to 40 families, and 476 bookings were offered to the *Bourse Solidarité Vacances.*

Almost 300 cut-price Center Parcs bookings were made available to Vakantie Participatie beneficiaries. At Center Parcs De Eemhof, 30 days, in which 60 employees were involved, were donated to Stichting de Opkikker foundation beneficiaries.

Kids Climate Conference and the Nature Campus

Held annually, the Kids Climate Conference, organised by the Missing Chapter Foundation and NGOs such as the WWF and private partners, was held this year at Center Parcs Erperheide in Belgium and at Center Parcs Hochsauerland in Germany. For the seventh 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. Children aged 8 to 14 reflected on the theme "A world in motion".

In addition to these events, a nature campus was held in September 2018 at the Bispinger Heide Center Parcs in Germany, in partnership with the Nature Park Lüneburg Heath association. Over 90 children attended this awareness-raising event focusing on regional environmental issues (protecting natural spaces, important animals in the region and sustainable living). The association's experts led workshops on the following: wolves, heather, bees and climate change.

3.8 Other matters

3.8.1 Tackling corruption – duty of care

The Group has introduced a number of measures to fulfill the requirements of the Sapin 2 Law and the duty of care. In particular, it has drawn up a Code of Ethics and introduced a confidential whistleblowing system. This system is complemented by an awareness-raising and training programme for Group employees, and a supplier evaluation programme.

In view of the late publication of the legal text, we are unable to include this in our risk analysis and provide information regarding the fight against tax evasion this year. However, the matter will be dealt with in the next financial year..

3.8.2 Animal welfare

The Center Parcs operational risks department has begun looking into animal welfare, embarking upon a thesis in partnership with the Toulouse veterinary school. This has resulted in recommendations being issued on optimum animal health and husbandry conditions.

3.8.3 Personal data protection

As part of its CSR approach, and in light of the new personal data protection regulations, the Group has brought in technical and organisational measures in all countries in which it operates. A DPO has been appointed and a steering committee has been set up to ensure that the necessary steps are taken to comply with European regulations and maintain a relationship of trust with prospects, customers and all Group employees.

3.8.4 Other information

- The “impacts of the business on the respect for human rights” and matters relating to the “duty of care” are covered in the purchases and customer and employee health and safety section.
- Matters relating to the circular economy are covered in the “optimising waste” section. Furthermore, as catering is carried out by external providers, the Group is unable to take direct action in this area but sets out clear requirements for its partners regarding the reduction and sorting of food waste.
- Measures relating to “employee safety” also apply to customers.
- The fight against food insecurity is covered in section 3.4.4 "Waste management at Villages Nature Paris".

3.8.5 Key indicators

Key indicators	Brand scope	Country scope	Section	2015/2016	2016/2017	2017/2018	Change 2017/2018 VS 2016/2017
SECTION 3.1 Our sustainable development policy							
SECTION 3.2 Implementing a responsible employer policy Issues: recruitment, developing teams' skills and employee satisfaction.							
Number of training hours	Group(1)(2)	Europe	3.2.3.1	88,906	74,658	69,446	↓
By employees trained	Group(1)(2)	Europe	3.2.3.1	56%	49%	60%	↑
***"Happy@work"* satisfaction survey**	Group(1)	Europe	3.2.4.1	-	Completed	(4)	
Rate of return by seasonal workers	PV	France	3.2.2.2	-	-	43%	New
Turnover	Group(1)(2)	Europe	3.2.1.3	14,9%	16,5%	19%	↑
% of female managers	Group(2)	Europe	3.2.1.3	51%	53%	53%	→
Health and Safety							
Rate of workplace accidents	Group(2)	Europe	3.2.4.5	27%	30%	32%	↑
Severity rate of workplace accidents	Group(2)	Europe	3.2.4.5	0,68 % (3)	1,15 %	1,38 %	↑
SECTION 3.3 Limiting the impact of our sites on natural environments and encouraging biodiversity Issues: land search; water pollution; deterioration of natural environments (biodiversity)							
% of projects for which an environmental pre-assessment or mapping was carried out prior to selecting the land	CP and PV	Europe	3.3.1	-	-	60%	New
% of sites which have a dedicated plan to manage green spaces	CP (excluding VN)	Europe	3.3.2.2	-	-	75%	New
"Naturall" target: a dedicated plan for the management of green spaces for all sites by 2020							
SECTION 3.4 Improving our sites' environmental performance and responding to climate issues Issues: climate change on business; waste management; management of water and energy use							
% of projects delivered with an environmental building certification	CP and PV	Europe	3.4.1.1	-	-	100%	New
% green key sites	CP and PV		3.4.1.2	25%	27%	29%	↑
% of certified Pierre & Vacances sites	PV	France and Spain	3.4.1.2	29%	31%	33%	↑
Including % of Pierre & Vacances Premium sites	PVP	France	3.4.1.2	54%	73%	87%	↑
"Faisons Plus Ensemble" target: 100% by 2018 (carried forward to 2019)							
% of certified Center Parcs sites							
"Naturall" target: 100% by 2019	CP	Europe	3.4.1.2	-	-	8%	New
% of ISO 14001-certified sites							
"Naturall" target: 100% of sites certified	CP	Europe	3.4.1.2	100%	100%	100%	→
% of sites certified (ISO 14001 /Green Key)	CP and PV	Europe	3.4.1.2	38%	40%	41%	↑

Key indicators	Brand scope	Country scope	Section	2015/2016	2016/2017	2017/2018	Change 2017/2018 VS 2016/2017
Water use per overnight stay (in m³)	CP and PV	Europe	3.4.2	0,72	0,73	0,74	↑
"Naturall" target: a 25% reduction by 2022 (2010 basis – per overnight stay per person)	CP (excluding VN)	Europe	3.4.2	-	-13%	-11%	↓
"Faisons plus ensemble" 2022 target for Pierre & Vacances: a 15% reduction (2014 basis – per overnight stay per accommodation)	PV	France and Spain	3.4.2	-	-	-12%	New
Energy use per overnight stay *(in kWh)*	CP and PV	Europe	3.4.2	111	116	117	↑
"Naturall" target: a 25% reduction by 2022 (2010 basis – per overnight stay per person)	CP (excluding VN)	Europe	3.4.2	-	-11%	-12%	↓
"Faisons plus ensemble" target: a 20% reduction by 2022 (2014 basis – per overnight stay per accommodation)	PV	France and Spain	3.4.2	-	-	-16%	New
% of renewable energy (including purchases of green electricity)	CP	Europe	3.4.3.1	-	12%	18%	↑
% of operational waste sorted							
"Naturall" target: 60% by 2022	CP	Europe	3.4.4	30,9%	33,5%	39,7%	↑
Number of sites which have implemented sustainable development standards (BEST)							
"Faisons plus ensemble" target: 100%	PV	France and Spain	3.4.1.2	-	-	80%	New
SECTION 3.5 Building together with our partners and being a regional partner and actor over the long term Issues: relations with our local stakeholders and partners; local involvement							
% of projects for which a local consultation took place	CP and PV	France	3.5.1	-	-	80%	New
% of high-risk purchasing categories covered by responsible specifications	CP and PV	Europe	3.5.2	-	-	100%	New
% of buyers trained	CP and PV	Europe	3.5.2	-	-	100%	New
SECTION 3.6 Placing customer satisfaction and the customer experience at the heart of what we do Issues: relationship with owners and our customers; nature dimension of the customer experience							
Proportion of center parcs sites offering a nature activity							
"Naturall" target for 2020: offer one nature activity at each site	CP	Europe	3.6.2	-	-	75%	New
Satisfaction des clients Net Promoter Score PV Customers	PV	France and Spain	3.6.1	14,1%	15,7%	15,1%	↓
Net Promoter Score CP Customers	CP	Europe	3.6.1	4,4%	3,8%	1,8%	↓
Lease renewal rate							
Group target: 76% of leases renewed	CP and PV	Europe	3.6.1	-	-	76%	New

(1) Employee data includes employees of Les Senioriales (see reporting methodology section 3.1).
(2) Excluding Spain.
(3) Including sick leaves due to work accidents occured in 2016/2017
(4) Next study in 2018/2019

3.9 Report from the Independent Third-Party Body on the Consolidated Non Financial Performance Statement in the Management Report

To the Shareholders,

As an independent third-party body accredited by the COFRAC under the number 3-1050 (scope of accreditation available on the website www.cofrac.fr), and member of the network of auditors for Pierre et Vacances, we herein present our report on the consolidated non financial performance statement for the financial year ended 30 September 2018 (hereinafter the "Statement), presented in the Management Report pursuant to the legal and regulatory provisions of articles L. 225-102-1, R.225-105 and R. 225-105-1 of the French Commercial Code.

The Company's responsibility

It is the responsibility of the Board of Directors to prepare a Statement, in compliance with legal and regulatory provisions, including a presentation of the business model, a description of the main non-financial risks, a presentation of the policies applied regarding these risks, and the results of these policies, including key performance indicators.

The Statement was drawn up applying the company's procedures (hereinafter the "Guidelines"), the significant elements of which are presented in the Statement and available on its website[1].

Independence and quality control

Our independence is defined by the provisions provided for under article L. 822-11-3 of the French Commercial Code and the Code of Conduct for the profession. In addition, we have introduced a quality control system, which comprises documented policies and procedures to ensure respect for 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 deliver a reasoned opinion providing moderate assurance as to:

- the Statement's compliance with the provisions of article R. 225-105 of the French Commercial Code;
- the sincerity of the information provided pursuant to the 3rd item of I and II of the article R. 225-105 of the French Commercial Code, i.e. the results of policies including key performance indicators and actions relating to the main risks, hereinafter the "Information".

However, it is not our responsibility to make any declaration as to:

- the company's abidance by other applicable legal and regulatory provisions, most notably in terms of duty of care, the fight against corruption and taxation;
- the compliance of products and services with applicable regulations.

Nature and scope of the work

Our work, as described hereinafter, was conducted in compliance with the provisions of articles A.225-1 et seq. of the French Commercial Code, which sets out the methods used by the independent third-party body to conduct its mission according to professional standards, and with the international standard ISAE 3000 - *Assurance engagements other than audits or reviews of historical financial information.*

(1) http:// w ww.qroupepvcp.com/ section "publications".

We conducted our work in such a way as to be able to appreciate the Statement's compliance with regulatory provisions, and the sincerity of Information:

- We ascertained the business activity of all the companies included within the scope of consolidation, the statement of the main social and environmental risks related to this activity, and the effects thereof as to respect for human rights and the fight against corruption and tax evasion, together with subsequent policies and their results.
- We appreciated the appropriate nature of the Guidelines with regard to their relevance, completeness, reliability, neutrality and clarity, taking into account, where necessary, best practices within the sector.
- We verified that the Statement covers each category of information as given under item III of article L. 225-102-1 of the French Commercial Code governing social and environmental affairs, the respect for human rights and the fight against corruption and tax evasion.
- We verified that the Statement includes an explanation justifying the absence of information required by the 2nd paragraph of item III of article L. 225-102-1 of the French Commercial Code.
- We verified that the Statement presents the business model and the main risks related to the activity of all the entities included within the scope of consolidation, including, whenever relevant and proportionate, the risks engendered by business relations, products OR services, along with policies, actions and results, including key performance indicators.
- We verified, when relevant to the given main risks or policies, that the Statement presents the information provided for in item II of Article R. 225-105 of the French Commercial Code.
- We appreciated the selection and validation process for the main risks.
- We enquired as to the existence of procedures for internal auditing and for risk management implemented by the company.
- We appreciated the consistency of the results and key performance indicators used with the main risks and the given policies.
- We verified that the Statement includes a clear and reasoned explanation for the motives justifying the absence of policy with regard one or more of these risks.
- We verified that the Statement covers the consolidated scope, i.e. all the companies included in the scope of consolidation in compliance with article L. 233-16 of the French Commercial Code, with the limits specified in the Statement.
- We appreciated the collection process implemented by the company aimed at ensuring the completeness and sincerity of Information.
- For the key performance indicators and the other quantitative results that we considered to be the most significant given in Appendix 1, we implemented:
  - analytical procedures that consist in verifying the appropriate consolidation of collected data along with the consistency of changes thereto;
  - detailed tests based on soundings, consisting in verifying the proper application of definitions and procedures, and in reconciling data with the supporting documents. This work was conducted with a selection of contributing entities listed hereinafter: Pierre et Vacances France, particularly the Mediterranean operational division management and the Pierre et Vacances Port Royal site, Center Parcs Netherlands, particularly the Center Parcs Eemhof site, which accounts for 40% of headcount and energy consumption, the size of which was considered to be representative of key performance indicators and the results selected for these tests.
- We consulted documentary sources and conducted interviews to corroborate the qualitative information (actions and results) that we considered to be the most significant, given in Appendix 1.
- We appreciated the overall consistency of the Statement in relation to our knowledge of the company.

We consider that the work we conducted, exercising our professional judgement, allows us to deliver a conclusion of reasonable assurance; assurance of a higher grade would have required more extensive verification work.

Means and resources

Our work engaged the skills of five people and was conducted between the months of September and November 2018 over a total operating period of around seven weeks.

We conducted nearly a dozen interviews with people responsible for the preparation of the Statement, covering in particular managers from the sustainable development, environment, human resources, health & safety, risks, operations, development and marketing departments.

Conclusion

Based on our work, we have not found any material misstatement of a nature to call into question the compliance of the non-financial performance Statement with applicable regulatory provisions, or to question the sincerity of presentation and compliance with the Guidelines of all Information, taken in its entirety.

Comments

Without questioning the conclusion delivered hereinabove and in compliance with the provisions of article A.225-3 of the French Commercial Code, we should like to make the following comment: non-financial reporting required a number of manual corrections and restatements (in particular for information relating to health and safety, turnover and energy consumption); the consolidation and validation of this information lies with a small number of people.

Paris-La Défense, 13 December 2018

Independent Third Party Body
ERNST & YOUNG et Associés

Philippe AUBAIN	Jean-François BELORGEY
Associate Director of Sustainable Development	Associate

Appendix 1: Information considered to be the most significant

SOCIAL INFORMATION

Quantitative information (of which performance indicators)	Qualitative information (actions or results)
Headcount, turnover, rate of return of seasonal workers	Hiring, employment of seasonal workers, employment of cleaning personnel
Frequency rate and level of gravity of workplace accidents	Employee satisfaction
	Health and Safety

ENVIRONMENTAL INFORMATION

Quantitative information (of which performance indicators)	Qualitative information (actions or results)
Energy consumption per overnight stay	The "Naturall" processes at Center Parcs
Water consumption per overnight stay	"Faisons plus ensemble" at Pierre et Vacances Monitoring of energies, including green energies Waste management
Waste recycling rate at Center Parcs, share of sites operating sorting facilities for Pierre et Vacances guests	Protection of biodiversity

SOCIETAL INFORMATION

Quantitative information (of which performance indicators)	Qualitative information (actions or results)
	Management of impact of new sites (local acceptance, environment, available land area)
	Relations with owners (satisfaction, alerting to renovation)
	Customer satisfaction, particularly the "responsible stay" offer

FINANCIAL STATEMENTS 4

4.1 Information on the consolidated financial statements

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 4.12.

4.1.1 Group revenue

Group revenue for the full financial year (1 October 2017 to 30 September 2018) was €1,523.0 million.

(in € millions)	2017/2018	2016/2017	Change	Change excluding offering effects(1)
Tourism	**1,356.5**	**1,302.6**	**+4.1%**	
Pierre et Vacances Tourisme Europe	659.7	637.9	+3.4%	
Center Parcs Europe(2)	696.8	664.7	+4.8%	
of which rental revenue	**858.4**	**822.5**	**+4.4%**	**+2.6%**
Pierre et Vacances Tourisme Europe	*400.1*	*390.1*	*+2.6%*	*+3.8%*
Center Parcs Europe(2)	*458.2*	*432.4*	*+6.0%*	*+1.6%*
Property Development	**166.5**	**203.7**	**-18.2%**	
TOTAL, FINANCIAL YEAR	**1,523.0**	**1,506.3**	**+1.1%**	

(1) 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;
- for the CPE segment, of net growth in assets operated, related to the opening of Villages Nature Paris and the extension of Center Parcs Domaine des Trois Forêts. This increased offering is partly offset by the partial closure of Center Parcs that are being renovated;
(2) Including Villages Nature Paris (€23.6 million during the financial year of which €15.7 million in annual rental revenue).

Revenue from tourism activities totalled €1,356.5 million in 2017/2018, **an increase of 4.1%** compared with the previous financial year.

Rental revenue increased by 2.6% excluding offering effects. This growth benefited all destinations: +7.1% for Adagio aparthotels, +2.2% for Pierre & Vacances seaside destinations, +1.0% for Pierre & Vacances mountain destinations and +1.6% for Domaines Center Parcs with all destinations growing (France, Belgium, Netherlands, Germany). This was despite a late start to the season (Football World Cup, strikes) which was also affected by the heatwave and competition from Mediterranean destinations.

Revenue from other tourism business grew by +3.7%, driven mainly by the increase in the volume of business generated by marketing activities.

Property development revenue stood at €166.5 million in line with the early delivery of programmes, with the main contributions being made by Les Senioriales (€85 million), Villages Nature (€12 million), and the Pierre & Vacances residences in Deauville and Méribel (€30 million) and in Spain (€10 million).

Property reservations registered with individual investors during the financial year represented revenue of €344.2 million, higher than those registered over the same period of the previous financial year (€311.5 million).

4.1.1.1 Tourism Business

Key indicators

(in € millions)	2017/2018	2016/2017	Change
Revenue	**1,356.5**	**1,302.6**	**+4.1%**
rentals	858.4	822.5	+4.4%
including ancillaries[1]	498.1	480.1	+3.7%
Average Net Letting Rate (ALR)[2] *(in €)*	**674**	**659**	**+2.3%**
No. of weeks sold	**1,274,034**	**1,248,827**	**+2.0%**
Occupancy rate	**73.6%**	**72.0%**	**+2.1%**

(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 +2.3%, driven by city residences (+5.8%) and the Center Parcs France segment (+2.0%). The number of weeks sold also increased (+2.0%), in a context of a slight reduction in marketed inventory (the number of weeks offered decreased by -0.5%). The occupancy rate stood at 73.6%, up by +2.1%, benefiting all of the Group's destinations.

Characteristics of the holiday residence portfolio operated [1] at the end of the financial year

(by number of apartments)	2017/2018	2016/2017	Change
Pierre et Vacances Tourisme Europe	**28,775**	**28,369**	**+406**
o/w Pierre & Vacances premium France	2,791	2,666	+125
o/w Pierre & Vacances Spain	3,801	3,127	+674
o/w Adagio and Adagio access	9,724	9,049	+675
Center Parcs France	**15,592**	**15,457**	**+135**
o/w Center Parcs	14,194	13,754	+453
o/w Sunparks	1,385	1,703	-318
Villages Nature	**775**	**288**	**+487**
TOTAL	**45,142**	**44,114**	**+1,028**

(1) Excluding the marketing business, multiple ownership and franchise.

The holiday residence portfolio managed by the Group at 30 September 2018 fell by almost 1,000 apartments compared with 30 September 2017. This increase is mainly due to:

- operating five new sites in Spain (+674 apartments);
- Aparthotels Adagio® assuming the management of five Hipark residences from 1 February 2018, under the brand "Hipark by Adagio" (+696 apartments);
- the opening of new PV premium appartments (+156 units, o.w. +133 apartments in the new residence in Deauville (Presqu'île de la Touques);
- operating the whole extension to the Center Parcs Domaine des Trois Forêts in Moselle (partly available at 30 September 2017). The impact on Sunparks and Center Parcs of transforming the Domaine de Vielsalm (Belgium) (see above) should be noted;
- operating an additional 487 accommodation units at Villages Nature Paris (partly available at 30 September 2017);
- which partially offset end of lease withdrawals from Pierre & Vacances residences in France (-280 apartments) and the loss of leases on the Pierre & Vacances brand in France (-819 apartments), and Adagio (-21 apartements).

Breakdown of Group rental revenue by customer origin

	Pierre & Vacances Tourisme Europe		Center Parcs France		Villages Nature Paris	Total	
	2017/2018	2016/2017	2017/2018	2016/2017	2017/2018	2017/2018	2016/2017
France	59.3%	60.7%	31.1%	30.6%	52.4%	44.6%	44.9%
The Netherlands	4.0%	3.5%	23.5%	23.8%	11.9%	14.2%	14.2%
Germany	3.3%	3.0%	26.3%	26.2%	11.9%	15.4%	15.2%
Belgium	3.1%	3.3%	12.4%	12.9%	7.6%	8.0%	8.4%
UK	7.1%	7.1%	2.6%	2.3%	8.4%	4.8%	4.6%
Spain	5.3%	5.2%	0.0%	0.0%	0.2%	2.5%	2.5%
Russia & Eastern European Countries	2.4%	2.1%	ND*	ND*	ND*	ND*	ND*
Italy	1.4%	1.5%	0.0%	0.0%	0.1%	0.7%	0.7%
Scandinavia	1.3%	1.5%	0.4%	0.4%	0.1%	0.8%	0.9%
Switzerland	1.2%	1.1%	ND*	ND*	ND*	ND*	ND*
Other	11.6%	11.0%	3.7%	3.8%	7.4%	9.0%	8.6%

** Not determined.*

The majority of the Group's rental revenue is generated by foreign customers (55.4%), including German (15.4%), Dutch (14.2%), and Belgian (8.0%) customers, mainly due to the presence of Center Parcs Europe in the Netherlands (eight villages), Germany (five villages) and Belgium (six villages).

Analysis of revenue by resort/country

Pierre & Vacances Tourisme Europe

Number of apartments	2017/2018	2016/2017	Change
Seaside	13,235	13,171	+64
Mountain	4,972	5,300	-328
French West Indies	844	849	-5
Cities	9,724	9,049	+675
TOTAL	**28,775**	**28,369**	**+406**

Rental revenue *(in € millions)*	2017/2018	2016/2017	Change	Change excluding offering effects
Seaside	153.4	152.2	+0.8%	+1.5%
Mountain	81.5	83.0	-1.8%	+1.0%
French West Indies	15.8	14.4	+9.7%	+9.7%
Cities	149.4	140.6	+6.3%	+7.1%
TOTAL	**400.1**	**390.1**	**+2.6%**	**+3.8%**

Average net letting rates (for a week's rental) *(in € before tax)*	2017/2018	2016/2017	Change
Seaside	543	555	-2.1%
Mountain	820	837	-2.0%
French West Indies	723	699	+3.5%
Cities	511	483	+5.8%
TOTAL	**575**	**570**	**+0.9%**

	Number of weeks sold			Occupancy rate		
	2017/2018	**2016/2017**	**Change**	**2017/2018**	**2016/2017**	**Change**
Seaside	282,430	274,144	+3.0%	67.2%	65.4%	+2.7%
Mountain	99,378	99,124	+0.3%	84.3%	80.1%	+3.9%
French West Indies	21,800	20,552	+6.1%	65.8%	61.5%	+7.1%
Cities	292,491	291,158	+0.5%	79.4%	77.1%	+3.0%
TOTAL	**696,099**	**684,978**	**+1.6%**	**73.9%**	**71.6%**	**+3.1%**

Center Parcs France

Number of apartments	**2017/2018**	**2016/2017**	**Change**
The Netherlands	5,340	5,357	-17
France	4,377	4,272	+105
Belgium	3,064	3,029	+35
Germany	2,801	2,799	+2
TOTAL	**15,582**	**15,457**	**+125**

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Rental revenue *(in € millions)*	**2017/2018**	**2016/2017**	**Change**	**Change excluding offering effects**
The Netherlands	140.9	139.5	+1.0%	+1.0%
France	154.8	149.6	+3.4%	+0.5%
Belgium	73.4	69.8	+5.2%	+5.8%
Germany	73.4	73.0	+0.6%	+0.6%
TOTAL	**442.5**	**432.0**	**+2.4%**	**+1.6%**

Average net letting rates (for a week's rental) *(in € before tax)*	**2017/2018**	**2016/2017**	**Change**
The Netherlands	718	700	+2.5%
France	1,009	997	+1.3%
Belgium	678	663	+2.2%
Germany	682	672	+1.5%
TOTAL	**782**	**767**	**+2.0%**

	Number of weeks sold			Occupancy rate		
	2017/2018	**2016/2017**	**Change**	**2017/2018**	**2016/2017**	**Change**
The Netherlands	196,347	199,249	-1.5%	74.0%	73.4%	+0.9%
France	153,414	150,170	+2.2%	70.6%	71.4%	-1.1%
Belgium	108,215	105,219	+2.8%	71.5%	68.6%	+4.2%
Germany	107,673	108,676	-0.9%	77.6%	77.1%	+0.7%
TOTAL	**565,650**	**563,314**	**+0.4%**	**73.2%**	**72.6%**	**+0.9%**

4.1.1.2 Property Development

Breakdown of property development revenue by programme

(in € millions)	30/09/2018	30/09/2017
New programmes (excluding Les Senioriales)	**57.4**	**102.6**
Pierre & Vacances premium Deauville	22.5	11.8
Villages Nature Paris	12.1	37.3
Pierre & Vacances Salou (Spain)	9.5	0.0
Pierre & Vacances Premium Meribel	7.7	6.0
Adagio Access Lille	3.5	3.9
Adagio Access Palaiseau	1.2	3.3
Pierre & Vacances Avoriaz Arietis	0.8	0.0
Pierre & Vacances Manilva (Spain)	0.0	0.2
Center Parcs Domaine des Trois Forêts – Expansion	0.0	35.9
Center Parcs Domaine du Bois aux Daims (Vienne)	0.0	4.2
New Les Senioriales programmes	**74.0**	**66.7**
Other	**35.1**	**34.1**
TOTAL	**166.5**	**203.7**

Revenue from new programmes (including Les Senioriales) amounted to €131.4 million compared with €169.3 million in 2016/2017. 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 BATIPART, PVCP and EURO DISNEY and resold to individual investors). The programme as a whole was delivered in the 2017/2018 financial year;
- the Pierre & Vacances premium programme in Deauville, which was delivered in the second half of 2017/2018, and Pierre & Vacances Méribel, the delivery of which is scheduled for the winter of 2019;
- the sale of accommodation at the residence located in Salou in Spain that was already operated by the Group;
- Les Senioriales which, in particular, had eight programmes delivered during the year (Nandy, Saint Etienne, Tourcoing, Nîmes, Toulouse, Pornic, Rillieux-la-Pape and Pollestres).

"Other" revenue stood at €35.1 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 for re-sales, as well as (iii) reversals of cost-sharing contributions for property programmes already delivered.

Deliveries (number of units)

	No. of accommodation units 2017/2018	No. of accommodation units 2016/2017
Domaine des Trois Forêts Expansion – Cottages	0	163
TOTAL CENTER PARCS FRANCE	**0**	**163**
Deauville Presqu'île de la Touques	133	0
TOTAL PIERRE ET VACANCES	**133**	**0**
Villages Nature	365	551
TOTAL VILLAGES NATURE	**365**	**551**
TOTAL LES SENIORIALES	**570**	**209**
OVERALL TOTAL	**1,068**	**923**

Property reservations including VAT

	2017/2018	2016/2017	Change
Property reservations excluding block sales			
New			
Reservations *(in € millions)*	154.7	139.6	+10.8%
Number of apartments	596	645	-7.6%
Average price *(in € thousands)*	259.6	216.4	+20.0%
Re-sales[(1)]			
Reservations *(in € millions)*	48.4	48.2	+0.4%
Number of apartments	350	342	+2.3%
Average price *(in € thousands)*	138.3	140.9	-1.4%
Les Senioriales			
Reservations *(in € millions)*	141.1	123.7	+14.1%
Number of apartments	757	570	+32.8%
Average price *(in € thousands)*	186.4	217.0	-14.1%
TOTAL EXCLUDING BLOCK SALES			
Reservations *(in € millions)*	**344.2**	**311.5**	**+10.5%**
Number of apartments	**1,703**	**1,557**	**+9.4%**
Average price *(in € thousands)*	**202.1**	**200.0**	**+1.0%**
Property reservations – block sales			
Reservations *(in € millions)*	20.2	194.8	-89.6%
Number of apartments	53	876	-94.0%
Average price *(in € thousands)*	381.1	222.4	+71.4%
TOTAL			
Reservations *(in € millions)*	**364.4**	**506.3**	**-28.0%**
Number of apartments	**1,756**	**2,433**	**-27.8%**
Average price *(in € thousands)*	**207.5**	**208.1**	**-0.3%**

(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 6% 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 €364.4 million, corresponding to 1,756 reservations, compared with €506.3 million (2,433 reservations) in 2016/2017.

Excluding block sales, reservations were worth €344.2 million, corresponding to 1,703 units reserved, compared with €311.5 million (1,557 units) in 2016/2017.

Principal stock of apartments marketed at 30 September 2018

Programmes	New/Renovation	Opening	No. of units	% reserved
Excluding third-party marketing				
Deauville Presqu'île de la Touques	N	2018	133	88%
Deauville Presqu'île de la Touques T2	N	2020	28	21%
Méribel	N	2019	95	41%
Lille	N	2019	79	100%
Villages Nature Paris 1	N	2017/2018	916	97%
Avoriaz Arietis	N	2019	39	59%
Les Senioriales	N		3,748	89%
Third-party marketing				
Vielsalm	R		350	100%
Hochsauerland	R		548	93%
Zandvoort	R		509	21%
Nordseeküste	R		345	98%
TOTAL GROUP			**6,284**	**92%**

4.1.2 Group results

	FY 2018	FY 2017
Revenue	1,523.0	1,506.3
OPERATING PROFIT (LOSS) FROM ORDINARY ACTIVITIES	**9.1**	**12.4**
Tourism	**20.1**	**24.3**
Excluding Villages Nature Paris	*31.7*	*37.1*
Villages Nature Paris	*-11.6*	*-12.9*
Property development	**-11.0**	**-11.9**
Excluding Villages Nature Paris	*-11.0*	*12.5*
Villages Nature Paris	*0.0*	*-24.4*
Financial income (expense)	-18.0	-17.2
Other income/expenses net of tax	-4.5	-6.6
Share of net income (loss) of equity-accounted investments	1.6	0.1
NET INCOME BEFORE TAX AND ITEMS RELATING TO ORNANE	**-11.8**	**-11.3**
Taxes in the financial year	-14.8	-16.3
Reversal of deferred tax assets	-19.0	
Change in the ORNANE fair value	1.5	-15.7
Conversion loss – ORNANE maturing in 2019	-1.8	-13.4
NET INCOME	**-45.9**	**-56.7**
Attributable to owners of the Company	*-45.9*	*-56.7*
Non controlling interests	0.0	0.0

Despite the deferral over the 2018/2019 financial year of the significant expected contribution from the conclusion of block sales from the property renovation programmes at Center Parcs in Belgium and the Netherlands, the Group's operating profit from ordinary activities is close to that of the previous year.

- **Operating profit (loss) from tourism activities** totalled €20.1 million:
  - operating profit from ordinary activities, excluding Villages Nature Paris, was **€31.7 million**.

    It incorporates the growth in business excluding offering effects (+€9 million), the positive effect of the net contribution of the reduction in the number of apartments operated in the context of the renewal of leases (+€2 million) and the growth in the contribution of seaside destinations in Spain and Maeva.com (+€1 million). These gains allowed the impact of inflation on expenses estimated at €9 million (principally, salaries, rents and energy) to be offset.

    After taking these elements into account, the operating profit from ordinary activities stood at €40 million, an increase compared with the previous year (€37 million). This was despite a slowdown in the growth of the tourism business in the summer (see above).

    The impact of Center Parcs and Adagio residences renovations activities was -€4 million. These renovations will generate improved tourism business performance in the 2018/2019 financial year through the high-end positioning of the accommodation in question. Similarly, the pre-opening costs of Center Parcs Allgau in Germany (-€4 million) had a negative impact on 2017/2018 income;
  - following a first half-year that was penalised by the phased delivery of cottages and apartments, the performance of Villages Nature Paris significantly improved in the second half-year with an increased occupancy rate (73% in the second half-year compared with 62% in the first half-year) thanks to a gradual ramping up of marketing to foreign customers. This trend is confirmed by the bookings portfolio to date.
- **Operating profit (loss) from property development activities** totalled -€11.0 million.

  It basically reflects the overhead costs of the property development teams whereas the conclusion of block sales of property renovation programmes at Center Parcs in Belgium and the Netherlands, whose contribution to income is significant, was deferred to the 2018/2019 financial year, which should therefore record sharp growth in operating profit from property development activities.
- **Other income/expenses net of tax** principally include site restructuring and withdrawal costs.
- **The deferred tax expenses charge** is related to the prudential cancellation of part of the Group's tax receivables (internationalisation of the Group's activities, reducing the capacity to use tax losses in France in the medium term).
- **Net income** was -€45.9 million compared with -€56.7 million for the 2016/2017 financial year.

  When corrected for non-recurring items (in particular, the deferral of property development contributions until 2018/2019 or the adjustment to tax receivables), 2017/2018 net income would be in balance.

4

Reconciliation table – IFRS income statements

(in € millions)	FY 2018 operational reporting	Cost of unwinding the 2019 ORNANE	Change in fair value of 2023 ORNANE	Tax on other operating income/ expense	IFRS 11 adjustments	FY 2018 IFRS
Revenue	1,523.0				-88.3	1,434.7
Operating profit (loss) from ordinary activities	**9.1**				**+7.8**	**16.9**
Other operating income and expenses	-4.5			-0.2		-4.7 (1)
Financial income (expense)	-18.0	-1.8	+1.5		+2.2	-16.1
Share of net profit in joint-ventures	1.6				-16.4	-14.8
Income tax	-14.8			+0.2	+2.7	-11.9
Reversal of deferred tax assets	-19.0				+3.7	-15.3
Change in fair value of 2023 ORNANE	1.5		-1.5			0.0 (2)
Cost of unwinding the 2019 ORNANE	-1.8	+1.8				0.0
NET INCOME	**-45.9**	**0.0**	**0.0**	**0.0**	**0.0**	**-45.9**

(1) Gross of tax.
(2) 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)	FY 2017 operational reporting	Loss on partial conversion 2019 ORNANE	Change in fair value of 2019 ORNANE	Tax on other operating income/ expense	IFRS 11 adjustments	FY 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[1]
Financial income (expense)	-17.2	-13.4	-15.7		+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
Change in the ORNANE fair value	-15.7		+15.7			0.0[2]
Cost of unwinding the 2019 ORNANE	-13.4	+13.4				0.0
NET INCOME	**-56.7**	**0.0**	**0.0**	**0.0**	**0.0**	**-56.7**

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

4.1.3 Investments and financial structure

4.1.3.1 Main cash flows

(in € millions)	2017/2018	2016/2017
Cash flows (after interest and tax)	+28.1[1]	+55.2[1]
Change in working capital requirements	+5.2[2]	-6.5
Cash flow from operating activities	**+33.3**	**+48.7**
Net operational investment spending	-66.0	-31.6
Net financial investment	-0.8	+10.9
Cash flow from investment activities	**-66.8[2]**	**-20.7**
OPERATIONAL CASH FLOWS	**-33.5**	**+28.0**
Acquisitions and disposals of treasury shares	-0.1	+0.2
Change in loans and other borrowings	+63.6[1]	-38.3[1]
CASH FLOW FROM FINANCING ACTIVITIES	**+63.5**	**-38.1**
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**+30.0**	**-10.2**

(1) Reclassification of the impact of redeeming the 2019 ORNANE (cash flow of -€23.2 million) from cash flows to changes in loans and sundry liabilities.
(2) Reclassification of the inflow of income from equity-accounted investments (+€4.8 million) from cash flows from investment activities to cash flows from operating activities (change in WCR).

The performance of the Group's tourism and property activities in 2017/2018 generated +€33.3 million in cash arising mainly from cash flows of +€28.1 million, down in comparison with 2016/2017 because of the change in the operating contribution before income from joint ventures.

Netcash flows from investing activities amounted to -€66.8 million and mainly included:

- net investments of €57.5 million in sites as part of tourism business operations, including:
  - €45.1 million of net investments for the renovation and improvement of the product mix for all Center Parcs Europe villages, including an investment of €25.1 million in German villages, €8.1 million in Belgian villages, €6.8 million in Dutch villages, and €5.1 million in French villages,
  - €11.2 million of net investments in residences and villages operated under the Pierre & Vacances Tourisme Europe brand, including €7.5 million in residences and villages in mainland France, €1.9 million to renovate villages in the French West Indies, and €1.2 million in residences in Spain;

- investments in IT systems (technical and functional improvements) in the amount of €12.5 million (websites, CRM, maeva.com, etc.), partially offset by cash generated by the sale of IT solutions in the amount of €4 million.

Net cash flow from financing activities amounted to +€63.5 million and mainly included:

- the issue, on 6 December 2017, of 1,648,261 ORNANE bonds for a total of €100 million (€98 million net of fees) maturing on 1 April 2023;
- the issue, on 14 February 2018, of a new unlisted "Euro PP" private placement of €76 million, which is repayable on 14 February 2025;
- the increase in property development bridging loans, net of repayments, in the amount of €3.8 million on the Méribel and Les Senioriales programmes.

that partially offset:

- the early redemption of ORNANE bonds maturing in October 2019 for a total of €103.3 million;
- the partial repayment of a loan put in place for property development in Spain for a total of €7.4 million;
- the annual amortisation of financial liabilities corresponding to finance leases for -€3.0 million.

4.1.3.2 Statement of financial information

Structure of 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.

- **New developments of Pierre & Vacances residences and villages in France** 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 new Center Parcs villages programmes** 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).

Simplified statement of financial position

(in € millions)	30/09/2018	30/09/2017	Changes
Goodwill	158.9	158.9	0.0
Net fixed assets	461.0	432.7	28.3
WCR and others	0.0	10.1	-10.1
TOTAL INVESTMENTS	**619.9**	**601.7**	**+18.2**
Equity	287.0	326.9	-39.9
Provisions for risks and charges	56.6	66.0	-9.4
Net financial debt	247.7	208.8	+38.9
WCR and others	28.6	0.0	+28.6
TOTAL RESOURCES	**619.9**	**601.7**	**+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 (+€28.3 million) mainly stems from:

- investments of €57.5 million as part of tourism business operations;
- the development of information systems, net of the sale of certain assets, in the amount of €8.5 million;
- the increases in value of equity-accounted investments in the amount of €3.8 million relating to the increase in the income of the Adagio sub-group entities;

the deduction of depreciation, amortisation and impairment for the period (-€41.7 million).

Net fixed assets at 30 September 2018 include:

- €124.6 million of intangible assets; this amount mainly includes the €85.9 million net value of the Center Parcs brand;
- €278.7 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 €208.0 million (including €96.2 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 €66.6 million;
- €45.5 million in non-current financial assets;
- €10.6 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 €287.0 million at 30 September 2018, (compared with €326.9 million at 30 September 2017), after taking into account:

- net income of the period of -€45.9 million;
- an increase in equity before earnings of +€6.0 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 €56.6 million at 30 September 2018, compared with €66.0 million at 30 September 2017.

At 30 September 2018, provisions for risks and expenses broke down as follows:

- provisions for risks in relation to shares in equity-accounted companies: €30.4 million (principally, Villages Nature);
- provisions for pensions: €15.1 million;
- provisions for renovations: €6.8 million;
- provisions for disputes, restructuring costs and site closures: €4.1 million.

Net debt reported by the Group at 30 September 2018 broke down as follows:

(in € millions)	30/09/2018	30/09/2017	Changes
Gross debt	354.9	286.1	68.9
Cash (net of overdrafts/drawn revolving facilities)	-107.3	-77.3	-30.0
Net debt	**247.7**	**208.8**	**38.9**
including net bank debt	*148.8*	*86.0*	*62.8*
including rental commitments – Ailette facilities	*98.9*	*101.3*	*-2.4*
o/w change in the fair value of the ORNANE derivative(1)	*0.0*	*21.4*	*-21.4*

(1) 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 2018 (€247.7 million) corresponds principally to:

- the ORNANE issue in December 2017 for a principal amount of €100 million;
- the "Euro PP" bonds issued respectively in July 2016 for a par value of €60 million and in February 2018 for a par value of €76 million;
- the bridging loans taken out by the Group to finance property development programmes to be sold in the amount of €15.5 million (relating to the PV premium project in Méribel and the Les Senioriales programmes as at 30 September 2018);
- the financial liabilities stemming from adjustments of sale and lease-back contracts in the amount of €100.8 million, including €98.9 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 €107.3 million.

It should be noted that, at 30 September 2018, 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 2018.

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 3.30 or below at 30/09/2018, was adhered to.

4.2 Consolidated financial statements

4.2.1 Consolidated income statement

(in € thousands)	Notes	Financial year 2017/2018	Financial year 2016/2017
Revenue	26	1,434,725	1,425,309
purchases and external services	27	-1,005,626	-998,611
Employee expenses	28	-355,502	-342,013
Depreciation, amortisation and impairment	29	-57,309	-53,064
Other operating income	30	15,752	26,901
Other operating expenses on ordinary activities	30	-15,126	-14,275
OPERATING PROFIT (LOSS) FROM ORDINARY ACTIVITIES	**3**	**16,914**	**44,247**
Other operating income	3/31	5,414	15,241
Other operating expenses	3/31	-10,068	-21,401
OPERATING PROFIT (LOSS)	**3**	**12,260**	**38,087**
Financial income	32	25,630	3,035
Financial expenses	32	-41,751	-48,016
FINANCIAL INCOME (EXPENSE)		**-16,121**	**-44,981**
Income tax	33	-27,234	-15,426
Share of net income (loss) of equity-accounted investments	8	-14,851	-34,382
NET INCOME		**-45,946**	**-56,702**
Of which:			
◆ *Attributable to owners of the Company*		*-45,945*	*-56,727*
◆ *Non-controlling interests*		*-1*	*25*
Basic earning per share, attributable to owners of Company (in €)	34	-4.82	-5.95
Diluted earning per share, attributable to owners of Company (in €)	34	-4.82	-5.95

4.2.2 Statement of comprehensive income

(in € thousands)	Financial year 2017/2018	Financial year 2016/2017
NET INCOME	**-45,946**	**-56,702**
Translation adjustments	-11	-219
Effective portion of gains and losses on hedging financial instruments	0	0
Deferred tax	0	0
Other comprehensive income (loss) that may be reclassified subsequently to profit or loss, net of tax	**-11**	**-219**
Actuarial gains and losses on retirement benefit obligations	4,608	2,319
Other comprehensive income (loss) that will not be reclassified subsequently to profit or loss, net of tax	**4,608**	**2,319**
Other comprehensive income (loss), net of tax	**4,597**	**2,100**
TOTAL COMPREHENSIVE INCOME	**-41,349**	**-54,602**
Of which:		
◆ *attributable to owners of the Company*	*-41,348*	*-54,627*
◆ *non-controlling interests*	*-1*	*25*

4.2.3 Consolidated statement of financial position

Assets

(in € thousands)	Notes	30/09/2018	30/09/2017
Goodwill	4	158,951	158,951
Intangible assets	5	124,607	122,150
Property, plant and equipment	7	278,687	257,683
Equity-accounted investments	8	10,610	6,838
Available-for-sale financial assets	9	1,623	1,629
Other non-current financial assets	10	45,477	44,450
Deferred tax assets	33	73,119	88,877
NON-CURRENT ASSETS	**3**	**693,074**	**680,578**
Inventories and work in progress	11/12/24	181,542	185,880
Trade receivables	13/24	236,247	268,229
Other current assets	14/24	196,223	187,965
Current financial assets	14/24	66,657	78,855
Cash and cash equivalents	15	116,230	86,842
CURRENT ASSETS	**3**	**796,899**	**807,771**
TOTAL ASSETS	**3**	**1,489,973**	**1,488,349**

Liabilities

(in € thousands)	Notes	30/09/2018	30/09/2017
Share capital	16	98,045	98,017
Share premium		21,248	21,276
Treasury shares		-5,588	-5,541
Other comprehensive income (loss)		-1,426	-3,171
Reserves		217,796	273,000
Consolidated profit (loss)		-45,945	-56,727
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**286,982**	**326,854**
Non controlling interests		23	24
EQUITY	**V.**	**287,005**	**326,878**
Long-term borrowings	18	335,355	277,188
Non-current provisions	17	51,985	58,531
Deferred tax liabilities	33	6,648	5,521
Other non-current liabilities	23/24	1,603	149
NON-CURRENT LIABILITIES	**3**	**395,591**	**341,389**
Short-term borrowings	18	28,550	18,435
Current provisions	17	4,575	7,458
Trade payables	22/24	319,376	319,109
Other financial liabilities	23/24	420,998	452,686
Current financial liabilities	23/24	33,878	22,394
CURRENT LIABILITIES	**3**	**807,377**	**820,082**
TOTAL EQUITY AND LIABILITIES		**1,489,973**	**1,488,349**

4.2.4 Consolidated statement of cash flows

(in € thousands)	Notes	Financial year 2017/2018	Financial year 2016/2017
Operating activities			
Consolidated profit (loss)		**-45,946**	**-56,702**
Depreciation, amortisation and impairment of non-current assets		39,870	44,768
Expenses on grant of share options		1,625	2,410
Gain (loss) on disposal of assets		828	421
Share of profit (loss) of equity-accounted investments		14,851	34,383
Costs of net financial debt	32	39,184	30,215
Change in fair value of the ORNANE monetisation option		-22,902	15,662
Tax expense (including deferred taxes)	33	27,234	15,426
Operating cash flows before change in working capital requirements		**54,743**	**86,582**
Net interest paid		-33,630	-28,963
Taxes paid		-16,190	-14,572
Cash flows after interest and tax		**4,923**	**43,047**
Change in working capital requirements (including in employee benefits liability)		369	-6,528
Inventories and work in progress	11/24	4,714	20,075
Other working capital items	11/24	-4,345	-26,603
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES (I)		**5,293**	**36,519**
Investing activities			
Acquisitions of property, plant and equipment, and intangible assets	5/7	-70,001	-34,741
Purchases of financial assets		-3,589	-2,355
Subtotal of disbursements		**-73,591**	**-37,096**
Proceeds from disposals of property, plant and equipment, and intangible assets		3,978	3,133
Disposals of financial assets		2,806	3,524
Divestments of subsidiaries (net of cash paid)		0	9,753
Subtotal of receipts		**6,784**	**16,410**
Dividends received (or inflow of income) from equity-accounted investments		4,796	
NET CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES (II)		**-62,011**	**-20,686**
Financing activities			
Acquisitions and disposals of treasury shares	16	-102	163
Proceeds from new loans and other borrowings	18	184,144	18,342
Repayment of loans and other borrowings	18	-97,322	-44,468
Exchange rate effects		-16	-25
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES (II)		**86,703**	**-25,988**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (IV = I + II + III)		**29,985**	**-10,154**
Cash and cash equivalents at start of the reporting period (V)	15	77,271	87,425
Cash and cash equivalents at reporting date (VI = IV + V)	15	107,256	77,271

4.2.5 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 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		**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**
Other comprehensive income (loss)					-11	0			-11		-11
Actuarial gains and losses on retirement benefit obligations							4,608		4,608		4,608
Net income								-45,945	-45,945	-1	-45,946
Total comprehensive income		**0**	**0**	**0**	**-11**	**0**	**4,608**	**-45,945**	**-41,348**	**-1**	**-41,349**
Capital increase									0		0
Dividends paid									0		0
Change in treasury shares held				-47			-102		-149		-149
Share-based payment expenses	2,842	28	-28				1,625		1,625		1,625
Other movements									0		0
Allocation of profit for the year							-56,727	56,727	0		0
BALANCE AT 30 SEPTEMBER 2018	**9,804,565**	**98,045**	**21,248**	**-5,588**	**-157**	**79**	**219,300**	**-45,945**	**286,982**	**23**	**287,005**

4.2.6 Notes to the consolidated financial statements

Summary of notes to the consolidated financial statements

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 2018 on 20 November 2018.

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 2017/2018 financial year have been prepared in accordance with IFRS (International Financial Reporting Standards) as adopted by the European Union at 30 September 2018 (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 2017/2018 financial year are the same as those applied in the Group's financial statements for the 2016/2017 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 2017 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 2017, were used to prepare the financial statements for the 2017/2018 financial year.

The new standards, interpretations and amendments applied by the Group for the 2017/2018 financial year and not applied in advance in the financial statements for the 2016/2017 financial year include the following:

- amendments to IAS 7 "Statement of Cash Flows" detailing additional information to be provided on changes in balance sheet financial liabilities;
- amendments to IAS 12 "Income Taxes" regarding accounting for deferred tax assets for unrealised losses;
- amendments to IFRS 12 "Disclosure of Interests in Other Entities" regarding information to be provided about holdings classed in accordance with IFRS 5 as "Non-current Assets Held for Sale and Discontinued Operations";
- the IFRS 2014-2016 improvement cycle (subject to adoption by the European Union).

The initial application of these texts had no material impact on the Group.

1.3 - Future standards, amendments to standards and interpretations

- IFRS 15 – Revenue from Contracts with Customers

The application of IFRS 15 on recognising income is mandatory for financial years beginning on or after 1 January 2018, i.e. from the 2018/2019 financial year for the Pierre & Vacances Center Parcs Group.

This new standard will replace IAS 11 on construction contracts and IAS 18 on income from ordinary activities, together with all related interpretations (IFRIC 13, IFRIC 15, IFRIC 18 and SIC 31). It introduces a single model for recognising revenue that is common for all business sectors and based on the concept of the transfer of control of promised goods or services. Revenue is assessed in terms of the amount of the consideration which the Group expects to receive in exchange for the goods or services transferred.

In the context of implementing this new standard from 1 October 2018, the Pierre & Vacances Center Parcs Group has conducted an assessment of its principal contracts. This assessment essentially identified the following issues:

- The distinction between Agent and Principal in tourism activities:

  The Group is classed as the principal when it controls the promised service before supplying it to the customer. In this case, the revenue and expenses incurred are presented on a gross basis as separate items in the income statement. In the opposite circumstances, the Group is classed as an agent and only net remuneration is recognised as revenue.

By way of example, tourism marketing agreements managed by Pierre & Vacances Center Parcs Group have been subject to a detailed assessment in the light of this issue. According to the particular contractual provisions for each agreement, the Group is classed as an agent (the most frequent case) or as a principal. In most cases this contractual analysis will lead to the Group changing the accounting treatment for marketing agreements, causing a reduction in tourism business revenue but not affecting the Group's net income. By way of example, applying IFRS 15 for the financial year would have generated a reduction of around 6% of the Group's tourism business revenue.

- Property development business:

  The IFRS 15 standard confirms the principle that the accounting revenue and margin are recognised as works are completed for off-plan property development activities.

Taking account of storage arrangements for work in progress, revenue must be recognised for all storable costs (including land). The Group anticipates no material impacts on its financial statements from this.

The Group has also decided to apply the IFRS 15 standard in a cumulative making-up method and not to restate comparative periods that have been published. As a result, data for previous financial years will not be restated and, in accordance with this method, IFRS 15 will be applied to all ongoing contracts as at 1 October 2018, the date of its first application by Pierre & Vacances Center Parcs Group.

- IFRS 9: Financial Instruments

  The IFRS 9 standard "Financial Instruments" is mandatory for financial years beginning on or after 1 January 2018, i.e. from the 2018/2019 financial year for the Pierre & Vacances Center Parcs Group. The Group decided not to apply the standard in advance.

  The standard replaces the IAS 30 standard and is based on three major elements:

  - the classification and measurement of financial assets and liabilities;
  - the impairment of financial assets;
  - hedge accounting.

  The assessments carried out by Pierre & Vacances Center Parcs Group found no material impacts on the consolidated financial statements from the application of this new standard.

- IFRS 16: Leases

  IFRS 16 removes the distinction between operating leases and finance leases. It provides a single accounting model for operating leases on the lessee's statement of financial position with the recognition:

  - of assets representing the right to use the asset leased; and
  - of a liability in respect of the obligation to pay rents.

An exemption is provided for short term contracts involving low value assets

An assessment of the impacts of applying this new standard is under way.

This new standard is mandatory for financial years beginning on or after 1 January 2019, i.e. from the 2019/2020 financial year for the Pierre & Vacances Center Parcs Group.

1.4 - 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.

1.5 - 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.

1.6 - 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.

1.7 - 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.

1.8 -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.

1.9 - 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.

1.10 - 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.

1.11 - 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.

1.12 - 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.

1.13 - 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.

1.14 - 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.

1.15 - 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.

1.16 - 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.

1.17 - 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.

1.18 - 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.

1.19 - 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.

1.20 - 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.

1.21 - 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.

1.22 – 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).

1.23 – Derivative financial instruments

Amounts due to credit institutions offering variable interest rates, the Pierre & Vacances-Center Parcs Group may have to hedge 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).

1.24 – 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.

1.25 – 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.

1.26 – 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 1.27 – Revenue recognition method – Property development) less, on the date the apartments are delivered, the "support funds" (see Note 1.25 – 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.

1.27 – 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.

1.28 – 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 changed to 6% from 1 January 2014, to 7% from 1 January 2017, and then to 6% from 1 January 2018. Accrued income is recognised for corresponding remuneration expenses commitment less employee expenses.

1.29 – 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.

1.30 – 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.

1.31 – 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 relative 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 2017/2018 financial year

Financing activities

In order to refinance the ORNANE[1] issued in 2014, partly converted in advance during the second half of 2017, the Group undertook the issue, on 6 December 2017, of 1,648,261 ORNANE for the amount of €100 million, at a rate of 2.0% (compared with 3.5% for the previous issue) and maturing on 1 April 2023.

In addition, on 14 February 2018, the Group issued a new unlisted "Euro PP" private placement of €76 million bearing 3.9% interest (compared with 4.25% for the previous "Euro PP") and redeemable on 14 February 2025, for French institutional investors.

This new financing improves the Group's financial structure (in particular, by extending the average maturity of total liabilities), and gives it the financial resources to accelerate its growth.

Development of the tourism offering

Pierre & Vacances premium residence – Presqu'île de la Touques – Deauville

On 25 May 2018, the Group opened the five-star Pierre & Vacances premium "La Presqu'île de la Touques" in Deauville. The residence, which has 133 apartments and a collection of top of the range facilities (indoor and year-round heated outdoor swimming pools, Deep Nature® spa, etc.), enjoys an excellent geographical location opposite the yacht basin in Deauville marina.

Developing the Pierre & Vacances offering in Spain

On 6 April 2018, the Group acquired the Empuriabrava residence (48 units) with a view to marketing real estate over the next two financial years. The holiday residence portfolio is still being developed: five new investments in lease sites took place during the financial year (one premium four-star hotel with 141 bedrooms in the mountains of the Spanish Pyrenees and four seaside locations).

Management of five Hipark residences by Aparthotels Adagio®

Since 1 February 2018, Aparthotels Adagio® has been managing five of BNP Paribas Real Estate's Hipark Design Suites business tourism residences under the "Hipark by Adagio" brand.

These residences, which are mainly positioned in the premium business tourism sector, are located in the main business centres in Paris, Val d'Europe, Grenoble, Nice and Marseille, and have almost 700 apartments.

This partnership with BNP PARIBAS Real Estate reinforces the leading role of Aparthotels Adagio® in France and offers the prospect of future developments in France and in Europe.

Transformation of the Domaine Sunparks de Vielsalm (Belgium) into Center Parcs

On 22 December 2017, the Domaine Sunparks Vielsalm, reopened its doors under the Center Parcs brand, following almost an investment of almost €35 million which was financed by the new owners as part of a property transaction. Investment spending was for the renovation of 350 cottages and central facilities of the Domaine.

2.2 - Main changes in the scope of consolidation

Main changes in the scope of consolidation for the 2017/2018 financial year

No material disposals occurred during the 2017/2018 financial year.

Other changes during the 2017/2018 financial year

In addition, during the 2017/2018 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 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 2017/2018 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 2017/2018 financial year.

(1) Bonds redeemable in cash and/or new and/or existing shares (ORNANE)

2.3 - Main consolidated entities

French entities

Legal form	Company Holding companies	Legal of consolidation[1]	% interest at 30/09/2018	% interest at 30/09/2017
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 et Vacances Tourisme Europe	FC	100.00%	100.00%
Center Parcs				
SAS	Center Parcs Holding Belgique	FC	100.00%	100.00%
Property development				
SAS	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				
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	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%

Legal form	Company Holding companies	Legal of consolidation[1]	% interest at 30/09/2018	% interest at 30/09/2017
Villages Nature				
SAS	Villages Nature Tourisme	MEE	50,00 %	50,00 %
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%
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	Bois Francs Equipements	FC	100.00%	0.00%
SNC	Caen Meslin Loisirs	EA	40.00%	40.00%
SNC	Chamonix Loisirs	FC	100.00%	100.00%
SNC	Chaumont Cottages	N/A	0.00%	100.00%
SNC	Colmar Loisirs	FC	100.00%	100.00%
SNC	Avoriaz Téléphérique	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	N/A	0.00%	100.00%
SCI	Les Senioriales de Nandy	FC	100.00%	100.00%
SCI	Les Senioriales de Paradou	N/A	0.00%	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%

Legal form	Company Holding companies	Legal of consolidation[1]	% interest at 30/09/2018	% interest at 30/09/2017
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%
SCCV	Les Senioriales en Ville de Saint Ave	EA	50.00%	0.00%
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	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%
SCCV	Les Senioriales en Ville de Fontenay-aux Roses	EA	50.00%	0.00%
SCCV	Les Senioriales en Ville de Mantes-la-Jolie	FC	100.00%	0.00%
SCCV	Les Senioriales en Ville de Pessac	FC	100.00%	100.00%
SCCV	Les Senioriales en Ville du Teich	FC	100.00%	100.00%
SCCV	Les Senioriales de la Rochelle Laleu	FC	100.00%	100.00%
SCCV	Les Senioriales en Ville de Cavaillon	FC	100.00%	100.00%
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	N/A	0.00%	50.00%
SNC	Nancy Loisirs	FC	100.00%	100.00%
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%

Legal form	Company Holding companies	Legal of consolidation(1)	% interest at 30/09/2018	% interest at 30/09/2017
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	N/A	0.00%	100.00%
SNC	Bois des Harcholins Village II	FC	100.00%	100.00%
SNC	Bois Francs Hébergements	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.

Foreign companies

Legal form	Company	Country	Legal of consolidation[1]	% interest At 30/09/2018	% interest At 30/09/2017
Holding companies					
Center Parcs					
NV	Center Parcs Europe	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 Participations	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%	19.64%
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%
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%

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Legal form	Company	Country	Legal of consolidation[1]	% interest At 30/09/2018	% interest At 30/09/2017
Orion					
SL	SET Orion	Spain	FC	100.00%	100.00%
Other tourism					
Srl	Pierre & Vacances Italia	Italy	FC	100.00%	100.00%
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%
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%
Other					
BV	Beheer Recreatiepark Zandvoort	The Netherlands	FC	100.00%	0.00%
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%
BV	PV-CP China Holding B.V.	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.

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 and Spain.

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 €910,489,000 and €461,041,000, 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.

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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.

	2017/2018					
	Tourism business	Property development	Unassigned	Total operational reporting[(1)]	Impact of IFRS 11	Total
Revenue	1,383,266	179,355	-	1,562,621	-89,199	1,473,422
Intra-business group revenue	-26,812	-12,854	-	-39,666	969	-38,697
External revenue	**1,356,454**	**166,501**	**0**	**1,522,955**	**-88,230**	**1,434,725**
Operating profit (loss) from ordinary activities	**20,082**	**-11,007**	**0**	**9,075**	**7,839**	**16,914**
Other operating income and expenses	-2,901	-652	-1,123	-4,676	22	-4,654
Operating profit (loss)	**17,181**	**-11,659**	**-1,123**	**4,399**	**7,861**	**12,260**
Depreciation and amortisation	**-43,784**	**-253**	**0**	**-44,037**	**1,911**	**-42,126**
Property, plant and equipment, and intangible assets	**41,548**	**22,741**	**9,363**	**73,652**	**-3,651**	**70,001**
Non-current assets	526,771	57,022	143,449	727,242	-34,168	693,074
Current assets	277,228	394,371	166,545	838,144	-41,245	796,899
Total assets	**803,999**	**451,393**	**309,994**	**1,565,386**	**-75,413**	**1,489,973**
Non-current liabilities	19,186	2,594	367,365	389,145	6,446	395,591
Current liabilities	542,855	227,907	119,277	890,039	-82,662	807,377
Total liabilities excluding equity	**562,041**	**230,501**	**486,642**	**1,279,184**	**-76,216**	**1,202,968**

(1) The data are shown before the impact of the adoption of IFRS 11, in accordance with the operational reporting followed by the Group.

	2016/2017					
	Tourism business	Property development	Unassigned	Total operational reporting[(1)]	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**
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**

(1) 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)	30/09/2018	30/09/2017
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 2018, according to the procedures described in Notes 1.10 and 6. The tests carried out did not reveal the need to recognise any impairment losses for the 2017/2018 financial year. The position was the same at 30 September 2017.

Net amount at reporting date

(in € thousands)	30/09/2018	30/09/2017
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 tangible and intangible assets	Total tangible and intangible assets
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**
Changes			
Acquisitions	-	12,464	12,464
Net disposals and retirements	-	-3,876	-3,876
Depreciation	-	-6,161	-6,161
Reclassifications	-	30	30
TOTAL CHANGES FOR THE YEAR	**-**	**2,457**	**2,457**
At 30 September 2018			
Gross amount	105,777	72,771	178,548
Accumulated depreciation, amortisation and impairment losses	-3,734	-50,207	-53,941
NET AMOUNT	**102,043**	**22,564**	**124,607**

Intangible assets at 30 September 2018 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 1.11 – "Intangible assets"), an impairment test was carried out at 30 September 2018 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 2017/2018 financial year;
- "**Other intangible assets**" in the amount of €22,564,000. The change is essentially due to:
  - €12,464,000 in capital investment, including technical and functional enhancements to:
    - Group websites (€2,112,000),
    - IT solutions developed by the Group (€3,271,000), server renewal (€342,000) and licences (€1,453,000),
    - the customer database (€1,516,000),
    - the development of new management solutions for owners and business conducted under management agreements with individual owners under the Maeva.com brand (€793,000),
    - Group financial services and human resources projects (€1,244,000),
    - miscellaneous IT projects for €1,733,000,
  - €3,876,000 in sales of IT solutions.

Finance leases

At 30 September 2018, the net amount of "Intangible assets" included €367,000 representing the restatement of assets under finance leases, compared with €843,000 at 30 September 2017. The corresponding residual financial liability stood at €394,000 at 30 September 2018, compared with €868,000 at 30 September 2017 (see Note 18 – "Financial liabilities").

At 30 September 2018, the line item "Finance leases" primarily includes IT solutions.

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 2018 and 30 September 2017.

	30/09/2018			30/09/2017		
(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 2017)
Discount rate used	**8.5%** (the same as at 30 September 2017)
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 +19%, 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 +17% and -17% 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 +14% and -14%, 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 +19% and -19% respectively, on the recoverable amount. This variation does not lead to the recognition of impairment losses.

At 30 September 2018, 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 2.1%, the average selling rate more than 3.0% or the operating margin rate more than 1.8%.

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 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**
Changes					
Acquisitions	458	1,570	16,528	38,981	57,537
Net disposals and retirements	-51	79	-538	-118	-628
Depreciation	-578	-8,438	-18,880	-7,590	-35,486
Reclassifications	19	2,507	1,166	-4,111	-419
TOTAL CHANGES FOR THE YEAR	**-152**	**-4,282**	**-1,724**	**27,162**	**21,004**
At 30 September 2018					
Gross amount	21,125	243,509	292,152	187,599	744,385
Accumulated depreciation, amortisation and impairment losses	-3,703	-118,937	-222,954	-120,104	-465,698
NET AMOUNT	**17,422**	**124,572**	**69,198**	**67,495**	**278,687**

Property, plant and equipment items, with a total net carrying amount of €278,687,000 at 30 September 2018, essentially include the assets used in the operations of:

- **the Center Parcs and Sunparks villages,** with a net amount of €207,963,000 (€96,167,000 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 €45,092,000 for improving the product mix of all the Center Parcs villages, including €25,148,000 for the German villages, €8,090,000 for the Belgian villages, €6,751,000 for the Dutch villages, and €5,103,000 for the French villages,
  - depreciation for the period of €24,926,000;
- **the Pierre & Vacances Tourisme Europe residences and villages,** for a net amount of €66,617,000. Property, plant and equipment mainly comprise general services, fittings and furniture needed for operating the sites.

During the financial year, the operating companies invested €11,226,000, primarily to modernise existing sites.

Depreciation for the period stood at €9,984,000.

Investment subsidies are shown as a reduction in the value of the asset for which they were received. At 30 September 2018, the Pierre & Vacances-Center Parcs Group had not recorded any significant amounts for investment subsidies.

Finance leases:

At 30 September 2018, the net amount of "Property, plant and equipment" included €97,485,000 representing the restatement of assets under finance leases, compared with €103,261,000 at 30 September 2017. The corresponding residual financial liability stood at €100,358,000 at 30 September 2018, compared with €102,957,000 at 30 September 2017 (see Note 18 – "Financial liabilities").

At 30 September 2018, the item "Finance leases" mainly covers the central facilities of the Domaine Center Parcs du Lac d'Ailette for €96,167,000; the corresponding financial liability amounted to €98,904,000.

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 2018, 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%);
- Les Sénioriales en Ville de Fontenay aux Roses (50%);
- Les Sénioriales en Ville de Saint Avé (50%);
- SCCV Nantes Russeil (50%);
- SNC Caen Meslin (40%);
- HNA PV Tourism company limited (40%);
- SCCV Palaiseau RT (50%);
- SCCV Toulouse Pont Jumeaux A1 (50%).

(in € thousands)	30/09/2018	30/09/2017
HNA PV Tourism limited company	791	0
Adagio	8,325	5,207
Les Senioriales	1,114	1,013
Other joint ventures	380	618
NET VALUE OF EQUITY-ACCOUNTED INVESTMENTS	**10,610**	**6,838**

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. At 30 September 2018, this commitment totalled €30,437,000.

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.

2017/2018 income statement

Condensed income statement of joint ventures (data presented on 100% basis)	**Adagio**	**Villages Nature**	**Other**	
Revenue	90,683	85,174	44,379	
Purchases and external services	-58,688	-77,788	-39,283	
Employee expenses	-19,826	-8,896	0	
Depreciation, amortisation and impairment	-1,982	-21,387	-922	
Other operating income and expenses	-1,272	-2,188	144	
OPERATING PROFIT (LOSS) FROM ORDINARY ACTIVITIES	**8,916**	**-25,085**	**4,318**	
Other operating income and expenses	-46	1	0	
OPERATING PROFIT (LOSS)	**8,870**	**-25,084**	**4,318**	
Costs of net financial debt	-36	-2,460	213	
Other financial income and expenses	71	-1,984	-269	
FINANCIAL INCOME (EXPENSE)	**35**	**-4,444**	**-56**	
Tax expense	-2,674	-10,195	232	
PROFIT (LOSS) FOR THE YEAR (DATA PRESENTED ON 100% BASIS)	**6,231**	**-39,723**	**4,494**	
				TOTAL
Percentage shareholding (weighted average)	50%	50%	42%	
Group's share of profit (loss)	**3,115**	**-19,862**	**1,896**	**-14,851**

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	-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 (EXPENSE)	**244**	**-2,784**	**-39**	
Tax expense	-1,915	2,609	-748	
PROFIT (LOSS) FOR THE YEAR (DATA PRESENTED ON 100% BASIS)	**5,369**	**-75,570**	**1,721**	
				TOTAL
Percentage shareholding (weighted average)	50%	50%	42%	
Group's share of profit (loss)	**2,685**	**-37,785**	**718**	**-34,382**

Statement of financial position at 30 September 2018 (financial data presented on 100% basis)

Assets *(in € thousands)*	Adagio	Villages Nature	Other joint ventures
Non-current assets	29,388	105,410	2,067
Current assets	52,796	176,909	68,542
TOTAL ASSETS	**82,184**	**282,319**	**70,609**

Liabilities *(in € thousands)*	Adagio	Villages Nature	Other joint ventures
Equity	**16,743**	**-55,575**	**3,924**
Non-current liabilities	3,259	47,231	704
Current liabilities	62,182	290,663	65,981
TOTAL EQUITY AND LIABILITIES	**82,184**	**282,319**	**70,609**

Statement of financial position at 30 September 2017 (financial data presented on 100% basis)

Assets *(in € thousands)*	Adagio	Villages Nature	Other joint ventures
Non-current assets	27,455	44,128	-1,457
Current assets	48,617	307,486	60,172
TOTAL ASSETS	**76,072**	**351,614**	**58,716**

Liabilities *(in € thousands)*	Adagio	Villages Nature	Other joint ventures
Equity	**10,464**	**-62,475**	**479**
Non-current liabilities	3,102	69,708	15,758
Current liabilities	62,505	344,381	42,478
TOTAL EQUITY AND LIABILITIES	**76,072**	**351,614**	**58,716**

Note 9 Available-for-sale financial assets

(in € thousands)	30/09/2018	30/09/2017
Gross amount	**1,623**	**1,629**
Impairment losses	-	-
NET AMOUNT	**1,623**	**1,629**

"**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.

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Note 10 the non-current financial assets

(in € thousands)	30/09/2018	30/09/2017
Gross loans and other financial assets	45,762	44,975
Impairment losses	-285	-525
TOTAL	**45,477**	**44,450**

"**Loans and other financial assets**", whose net carrying amount at 30 September 2018 was €45,477,000, consist primarily of guarantee deposits paid to property owners and to lessors and suppliers.

Note 11 Inventories and work in progress

(in € thousands)	30/09/2018	30/09/2017
Work in progress	140,184	142,759
Finished goods	35,487	36,852
GROSS PROPERTY DEVELOPMENT PROGRAMMES	**175,671**	**179,611**
Impairment losses	-1,662	-1,319
NET PROPERTY DEVELOPMENT PROGRAMMES	**174,009**	**178,292**
Other inventories	7,533	7,588
TOTAL	**181,542**	**185,880**

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 30/09/2017	Total increases	Total reductions	Inventories 30/09/2018
Center Parcs – Roybon	France	40,311	249	0	40,560
Meribel Ravines	France	14,027	11,323	-7,367	17,983
Center Parcs Sud Ouest	France	9,160	2,412	0	11,572
Salou	Spain	14,388	14,388	-21,116	7,660
Center Parcs Bois Francs Foncière	France	3,988	2,905	-430	6,463
Empuriabrava	Spain	0	5,746	0	5,746
PV Aime La Plagne	France	3,694	1,776	-222	5,248
Center Parcs Poligny (Jura)	France	4,937	0	0	4,937
Center Parcs le Rousset (Saône et Loire)	France	4,831	0	0	4,831
Presqu'île de la Touques	France	5,830	19,672	-20,751	4,751
Avoriaz Crozats	France	113	4,203	0	4,316
Teich (Senioriales)	France	706	3,524	0	4,230
Nandy (Senioriales)	France	2,483	6,275	-4,571	4,187
Soustons (Senioriales)	France	3,119	5,479	-4,439	4,159
Noisy le Grand (Senioriales)	France	878	2,963	0	3,841
Pollestres (Senioriales)	France	2,766	6,279	-5,457	3,588
Center Parcs Bois Harcholins	France	18,199	14,277	-29,617	2,859
Bracieux (Senioriales)	France	2,069	24	-24	2,069
Mordelles (Senioriales)	France	682	1,791	-684	1,789
Saint Priest (Senioriales)	France	839	2,823	-1,988	1,674
Pessac (Senioriales)	France	713	891	0	1,604
St Etienne (Sénioriales)	France	1,874	3,694	-4,125	1,443
Cavaillon (Senioriales)	France	262	1,120	0	1,382
De Haan	Belgium		1,371		1,371
Center Parcs – Bois de la Mothe Chandenier	France	1,357	15	-15	1,357
Pont Aven (Senioriales)	France	1,697	33	-509	1,221
Bassens (Senioriales)	France	4,067	3,160	-6,045	1,182
Pourrières (Senioriales)	France	1,195	0	-14	1,181
Center Parcs Nordseeküste	Germany	670	482	0	1,152
Pringy (Senioriales)	France	1,344	68	-344	1,068
Pornic (Sénioriales)	France	1,912	5,990	-6,967	935
Vendres (Senioriales)	France	756	23	0	779
Ville de Mantes-la-Jolie (Sénioriales)	France		756		756
Ville d'Emerainville (Senioriales)	France	1,545	126	-1,090	581
Center Parcs Eifel	Germany		22,104	-21,535	569
Saint Palais (Senioriales)	France	537	25	0	562
Rilleux la Pape (Senioriales)	France	850	5,477	-5,789	538
Manilva	Spain	598	0	-69	529
Boisroger	France	511	0	0	511

(in € thousands)	Country	Inventories 30/09/2017	Total increases	Total reductions	Inventories 30/09/2018
Ville de Marseille (Senioriales)	France	602	40	-202	440
La Rochelle la Pallice (Senioriales)	France	113	299	0	412
Flaine Montsoleil Centre	France	400	5	-7	398
Lille loisirs	France	1,864	2,225	-3,710	379
Dhuizon Loisirs	France	356	0	0	356
Charleval (Senioriales)	France	524	12	-230	306
Belle Dune Village	France		268		268
Dijon (Senioriales)	France	978	147	-887	238
Center Parcs Port Zelande	The Netherlands	1,297	0	-1,062	235
Vias (Senioriales)	France	1,597	44	-1,423	218
Juvignac (Senioriales)	France	218	5	-5	218
Ville de Saint Avertin (Senioriales)	France	632	22	-441	213
Cavillargues (Senioriales)	France	565	21	-459	127
Center Parcs Vielsalm	Belgium	6,290	0	-6,288	2
Ville de Bruges (Senioriales)	France	2,185		-2,185	0
Sannois (Senioriales)	France	878	1,652	-2,530	0
Ville de Manosque (Senioriales)	France	774	47	-821	0
Medis (Senioriales)	France	552	90	-642	0
Boulou (Senioriales)	France	314	19	-333	0
Miscellaneous property development programmes (individually less than €200,000)		6,563	15,201	-11,088	10,676
TOTAL VALUE OF PROPERTY INVENTORY		**179,611**	**171,541**	**-175,481**	**175,671**

The gross change in finished goods and work in progress related to property development programmes comprises:

The gross amount of inventories related to property development programmes shows:

- an increase of €171,541,000 of which €12,397,000 for land acquisition (€3,162,000 for the Senioriales en ville de Sannois programme, €2,410,000 for the Senioriales de Noisy-le-Grand and €2,090,000 for the Senioriales en ville du Teich programme);
- reductions due to the sale of property and the recognition of deferred income from new construction or renovation programmes totalling €175,481,000.

It should be noted that the Pierre & Vacances-Center Parcs Group has inventories relating to the Center Parcs de Roybon programme. On 20 February 2017, the Pierre & Vacances-Center Parcs Group lodged an appeal before the French Council of State *(Conseil d'État)*. During the 2017/2018 financial year, this appeal was allowed. The Pierre & Vacances-Center Parcs Group is now awaiting the final decision of the French Council of State, which is expected at the end of November 2018.

Note 13 Trade receivables

(in € thousands)	30/09/2018	30/09/2017
Property development	146,196	185,345
Tourism	92,718	84,948
Services	5,480	4,110
GROSS TRADE RECEIVABLES	**244,394**	**274,403**
Property development	-1,623	-532
Tourism	-4,370	-5,508
Services	-2,154	-134
IMPAIRMENT LOSSES	**-8,147**	**-6,174**
TOTAL	**236,247**	**268,229**

At 30 September 2018, the net value of trade receivables had decreased by €31,982,000.

This reduction was mainly due to property development (€40,240,000).

The tourism business had a €8,908,000 increase in its net receivables.

The trade receivables ageing schedule is presented in Note 25.

Note 14 Other current assets

14.1 – Other current assets

(in € thousands)	30/09/2018	30/09/2017
Advances and prepayments to suppliers	35,816	40,517
Taxes and duties	81,350	69,270
Other receivables	37,553	39,936
GROSS AMOUNT	**154,719**	**149,723**
Provisions	-2,184	-1,536
NET OTHER RECEIVABLES	**152,535**	**148,187**
Rents	23,682	21,346
Other pre-paid expenses	20,006	18,433
PREPAID EXPENSES	**43,688**	**39,779**
TOTAL OTHER CURRENT ASSETS	**196,223**	**187,965**

Other current assets amounted to €196,223,000 at 30 September 2018, up €8,258,000 compared to the 2016/2017 financial year. This change was mainly due to the increase in tax receivables, as the rebate on corporate real estate tax from tourism entities had not been collected at the reporting date.

In addition, over the 2017/2018 financial year, the Group transferred its competitiveness and employment tax credit (CICE) for the 2016 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 €4,948,000 in the 2017/2018 financial year.

14.2 – Current financial assets

(in € thousands)	30/09/2018	30/09/2017
External current accounts	60,327	71,735
Loans under the “Ownership & Holidays” programme	6,330	7,120
TOTAL	**66,657**	**78,855**

“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 Village Nature and Adagio.

Note 15 Cash and cash equivalents

Breakdown of the cash and cash equivalents balance shown in the consolidated statement of cash flows:

(in € thousands)	30/09/2018	30/09/2017
Cash	116,200	86,712
Cash equivalents (money market funds and deposits)	30	130
CASH AND CASH EQUIVALENTS	**116,230**	**86,842**
Bank credit balances	-8,974	-9,571
NET CASH AND CASH EQUIVALENTS	**107,256**	**77,271**

Cash and cash equivalents mainly consist of the Group's investments, 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

The share capital at 30 September 2018 was €98,045,650 divided into:

- 9,801,723 ordinary shares with a par value of €10;
- 1,476 category A preference shares with a par value of €10, issued on 9 February 2018 and convertible into ordinary shares according to the difference between the weighted share price and the ceiling share price set at €45, or the floor share price set at €30, with adjustments being possible in the event of a change of control or delisting;
- 1,366 category B preference shares with a par unitary value of €10, issued on 9 February 2018 and convertible into ordinary shares according to the difference between the weighted share price and the ceiling share price set at €45, or the floor share price set at €30, with adjustments being possible in the event of a change of control or delisting.

During the 2017/2018 financial year, the weighted average number of ordinary shares outstanding stood at 9,537,288.

Potential capital

Analysis of the potential capital and changes thereto during 2017/2018 and 2016/2017:

	30/09/2018	30/09/2017
Number of shares at 1 October	**9,801,723**	**9,801,723**
Number of shares issued during the year *(prorata temporis)*	1,822	
Pierre & Vacances shares held by Pierre et Vacances SA and deducted from consolidated equity	-266,257	-266,652
Weighted average number of shares	**9,537,288**	**9,535,071**
Dilutive effect		
Pierre & Vacances bonus shares granted	370,000	348,128
Weighted average number of diluted shares	**9,907,288**	**9,883,199**

Treasury shares

During the 2017/2018 financial year, the Pierre & Vacances-Center Parcs Group vested 2,842 treasury shares under employee bonus share plans dating from 2016.

To support the share price, the Group also sold and acquired treasury shares generating a net cash outflow of €102,000.

At 30 September 2018, the Group held 267,726 treasury shares for a total value of €5,588,000.

Dividends paid

The Shareholders' Combined Ordinary and Extraordinary Meeting of 9 February 2018 decided not to distribute any dividend for the 2016/2017 financial year.

Note 17 Provisions

(in € thousands)	30/09/2017	Additions	Reversals used	Reversals not used	Other changes	30/09/2018
Provisions for renovations	6,447	838	-483	-	-	6,802
Provisions for retirement and other post-employment benefits	21,677	445	-859	-	-6,139	15,124
Provisions for legal proceedings	2,214	1,921	-888	-178	-	3,069
Provisions for restructuring costs and site closures	1,954	210	-1,128	-	-	1,036
Other provisions	33,697	99	-1,136	-15	-2,116	30,529
TOTAL	**65,989**	**3,513**	**-4,494**	**-193**	**-8,255**	**56,560**
Non-current portion	*58,531*					*51,985*
Current portion	*7,458*					*4,575*

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.

Other provisions include a provision for negative equity investments for €30,437,000 at 30 September 2018, a decrease of €2,116,000 on fiscal year 2017/2018. This provision primarily relates to Villages Nature companies.

The most significant changes over the period relate mainly to the provisions for retirement commitments, down sharply over the financial year, notably because of changes to actuarial assumptions made to a Dutch plan. These actuarial changes are reflected by a reduction of almost €6 million in the associated retirement provision, with a corresponding entry in the net financial position, and with no impact on the Group's income statement.

(in € thousands)	30/09/2018	30/09/2017
Provisions for renovations	6,621	6,275
Provisions for retirement and other post-employment benefits	13,950	18,417
Provisions for legal proceedings	760	344
Provisions for restructuring costs and site closures	211	286
Other provisions	30,443	33,209
NON-CURRENT PROVISIONS	**51,985**	**58,531**
Provisions for renovations	181	172
Provisions for retirement and other post-employment benefits	1,174	3,260
Provisions for legal proceedings	2,309	1,870
Provisions for restructuring costs and site closures	825	1,668
Other provisions	86	488
CURRENT PROVISIONS	**4,575**	**7,458**
TOTAL	**56,560**	**65,989**

Provisions for legal proceedings

Provisions for legal proceedings amounted to €3,069,000 in total, including €2,309,000 of current provisions and €760,000 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.

Breakdown of provisions for legal proceedings and their changes during the year:

(in € thousands)	Property development	Individual employee disputes	Total
Balance at 30 September 2017	**111**	**2,103**	**2,214**
New legal proceedings	140	1,781	1,921
Reversals related to expenses for the financial year	-111	-777	-888
Reversals not used	0	-178	-178
BALANCE AT 30 SEPTEMBER 2018	**140**	**2,929**	**3,069**

At 30 September 2018, 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 at 30 September 2018. The main actuarial assumptions used are as follows:

	30/09/2018	30/09/2017	
	France	France	The Netherlands
Discount rate	1.50%	1.50%	1.50%
Salary increase rate	1.80%	1.90%	2.00%
Inflation rate	1.75%	1.75%	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 +).

The amounts recognised on the statement of financial position at 30 September are:

	30/09/2018			30/09/2017		
(in € thousands)	Retirement plans	Other benefits	Total	Retirement plans	Other benefits	Total
Discounted benefit obligation	122,535	7,098	129,633	125,954	7,172	133,126
Fair value of plan assets	114,509		114,509	111,449		111,449
NET LIABILITY RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION	**8,026**	**7,098**	**15,124**	**14,505**	**7,172**	**21,677**

Change in provisions for retirement and other post-employment benefits:

	Financial year 2017/2018			Financial year 2016/2017		
(in € thousands)	Retirement plans	Other benefits	Total	Retirement plans	Other benefits	Total
Actuarial liability start of the reporting period	**14,505**	**7,172**	**21,677**	**15,726**	**6,914**	**22,640**
Current service cost	1,527	620	2,147	2,786	538	3,324
Interest cost	1,660	99	1,759	973	48	1,021
Return on plan assets	-1,454	0	-1,454	-863	0	-863
Contributions received and benefits paid	-305	-583	-888	-1,154	-379	-1,533
Recognised actuarial differences	-6,158	-122	-6,280	-2,960	-647	-3,607
Past service cost	-1,755	-88	-1,843	0	698	698
Change in scope of consolidation	6	0	6	-4	2	-2
ACTUARIAL LIABILITY AT 30 SEPTEMBER	**8,026**	**7,098**	**15,124**	**14,505**	**7,172**	**21,677**

During the 2017/2018 financial year, the Group reconsidered the assumptions that apply to a retirement plan open to Dutch employees. This change, considered to be an actuarial difference, took the form of a €6 million reduction in retirement provisions with a corresponding entry in the Group's net financial position.

Breakdown of the change in the fair value of the assets held to cover the commitments:

(in € thousands)	Financial year 2017/2018	Financial year 2016/2017
Fair value of investments at start of the reporting period	**111,449**	**115,271**
Effective return on plan assets	1,432	777
Employer contributions received	304	1,281
Contributions received from plan members	488	645
Benefits paid and expenses for the year	-2,368	-1,928
Actuarial difference	3,204	-4,597
FAIR VALUE OF INVESTMENTS AT REPORTING DATE	**114,509**	**111,449**

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 €5,011,000. Conversely, a 0.25 point decrease in the asset discount rate would increase the fair value of the plan assets for the year by €5,362,000.

Analysis of the fair value of the assets held to cover the commitments, by asset category:

(in € thousands)	30/09/2018	30/09/2017
Insurance	114,509	111,449
FAIR VALUE	**114,509**	**111,449**

Sensitivity analysis of the discounted value of obligations

The sensitivity of the discounted value of the obligations is as follows: a 0.25 point increase in the discount rate would decrease the discounted obligation by €5,382,000. Conversely, a 0.25 point decrease in the discount rate would increase the discounted obligation by €5,763,000.

Note 18 Financial liabilities

(in € thousands)	30/09/2018	30/09/2017
Long-term borrowings		
Amounts due to credit institutions	2,142	9,500
Bond issue	231,720	137,134
Bridging loans	3,174	8,215
Finance leases	97,494	100,299
Other financial liabilities	825	22,040
SUBTOTAL LONG-TERM BORROWINGS	**335,355**	**277,188**
Short-term borrowings		
Amounts due to credit institutions	4,014	1,921
Bridging loans	12,305	3,417
Finance leases	3,257	3,526
Bank credit balances (including the portion of revolving loans drawn down)	8,973	9,571
SUBTOTAL LONG-TERM BORROWINGS	**28,550**	**18,435**
TOTAL	**363,905**	**295,623**

Bank borrowings and bridging loans at 30 September 2018 primarily included:

- the ORNANE-type bond issued on 6 December 2017 with a principal amount of €100,000,000 and maturing on 1 April 2023. Bonds redeemable in cash and new or existing shares (ORNANE) are convertible subject to conditions until 25 May 2021, then at any time by delivery of new or existing shares. This issue is accompanied by a 2.00% coupon payable every six months in arrears on 1 April and 1 October every year.

  At 30 September 2018, this borrowing was recognised in the Group's consolidated financial statements as €96,977,000;
- 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 2018, this borrowing was recognised in the Group's consolidated financial statements as €59,424,000;
- the bond issued in the form of an unlisted "Euro PP" private placement on 14 February 2018 with a principal amount of €76,000,000 and maturing in February 2025. This issue, with a 3.9% coupon, was subscribed for by French institutional investors. At 30 September 2018, this borrowing was recognised in the Group's consolidated financial statements as €75,320,000.

The loan agreement signed on 14 March 2016, in the form of a €200 million revolving credit line, was unused at 30 September 2018.

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 2019.

There was no drawdown against any of these credit lines at 30 September 2018.

In addition, more specifically for the property development business, the Group also has the following financial liabilities:

- a €2,142,000 loan put in place as part of the property development in Spain;
- bridging loans of 15,479,000 put in place for property development programmes, including in particular:
  - €6,418,000 for the Méribel Ravines Premium property development programme,
  - €3,264,000 for the Senioriales de Soustons property development programme,
  - €1,890,000 for the Les Senioriales en Ville de Noisy Le Grand property development programme,
  - €1,530,000 for the Senioriales de Nandy property development programme,
  - €1,284,000 for the Les Senioriales en ville du Teich property development programme.

Thus, in the 2017/2018 financial year, the Pierre & Vacances Center Parcs Group received €184,144,000 following the issue of new bonds, including €97,983,000 in a new ORNANE-type bond issued in December 2017, and €75,270,000 for a new EURO PP-type bond, entered into with institutional investors.

During the same period, the Group also repaid loans representing cash outflows of €97,322,000, including primarily:

- €80,070,000 related to the early redemption of the balance of the ORNANE issued in February 2014 with a maturity initially set at 2019;
- €6,878,000 corresponding to the repayment of various bridging loans;
- €7,358,000 for the partial redemption of the loan for property development in Spain as part of the Salou property transaction.

Analysis of the financial liabilities related to finance leases:

(in € thousands)	30/09/2018	30/09/2017
Le Domaine du Lac de l'Ailette	98,904 (1)	101,300
PV SA	394 (2)	869
CPE	1,453 (3)	1,656
TOTAL	**100,751**	**103,825**

(1) The underlying net asset (€96,167,000 at 30 September 2018) is recorded in property, plant and equipment (see Note 7).
(2) The underlying net asset (€367,000 at 30 September 2018) is recorded in intangible assets (see Note 5).
(3) The underlying net asset (€1,318,000 at 30 September 2018) 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	30/09/2018	30/09/2017
Year N+1	28,550	18,435
Year N+2	8,326	11,132
Year N+3	3,098	111,781
Year N+4	3,308	3,098
Year N+5	159,846 (1)	62,608
Year > N+5	160,778 (2)	88,569
TOTAL	**363,905**	**295,623**

(1) Including €96,977,000 for the ORNANE-type bond and €56,424,000 for the Euro PP-type bond.
(2) Including €75,320,000 for Euro PP-type bonds and €4,632,000 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 2018 relate to restatements of finance leases and bond issues. The nominal amount of the fixed-rate borrowings was €332,472,000. The majority of these borrowings carry interest at percentages between 2.00% and 6.02%.

Issue date	Maturity date	Principal amount outstanding at 30/09/2018 *(in € millions)*	Interest rate
Finance leases			
21/09/2005	31/12/2038	98.9	6.02%
01/10/2009	30/07/2019	0.4	6.00%
01/10/2014	31/12/2024	1.5	6.00%
Bond issue			
06/12/2017	01/04/2023	97.0	2.00%
14/02/2018	14/02/2025	75.3	3.90%
19/07/2016	31/12/2022	59.4	4.25%
TOTAL		**332.5**	

Variable rate

The principal amount of variable rate bank borrowings and bridging loans is €17,621,000 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").

Given the low expected use of variable rate lines, the Group did not contract any new hedging instruments.

Amounts due to credit institutions and variable rate bridging loans break down as follows:

	Borrowings and bridging loans		
Issue date	**Maturity date**	**Principal amount outstanding at 30/09/2018** *(in € millions)*	**Interest rate**
Amounts due to credit institutions:			
21/06/2017	21/06/2020	2.1	Euribor 1-year + margin
SUB-TOTAL		**2.1**	
Bridging loans:			
15/09/2017	30/04/2019	6.4	3-month Euribor + margin
14/12/2016	31/12/2018	3.3	1-month Euribor + margin
15/06/2018	15/06/2020	1.9	3-month Euribor + margin
22/01/2016	02/01/2019	1.5	3-month Euribor + margin
20/07/2018	30/09/2020	1.3	3-month Euribor + margin
17/01/2018	31/01/2020	0.7	3-month Euribor + margin
18/04/2017	18/04/2019	0.4	3-month Euribor + margin
SUB-TOTAL		**15.5**	
TOTAL		**17.6**	

Collateral

(in € thousands)	30/09/2018	30/09/2017
Guarantees and pledges	193,827	210,013
Mortgages	13,400	15,265
TOTAL	**207,227**	**225,278**

Collateral pledged by the Group to secure repayment of its bank borrowings include:

- a first call guarantee of €160,013,000 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 – Saint Priest for €3,000,000,
  - Les Senioriales – Nîmes for €3,000,000.

Breakdown of the change in maturity of collateral:

	Balance *(in € thousands)* **at**	
Maturities	30/09/2018	30/09/2017
Year N+1	16,270	17,646
Year N+2	30,239	14,986
Year N+3	7,609	25,070
Year N+4	4,894	7,609
Year N+5	5,197	4,894
Year > N+5	143,018	155,073
TOTAL	**207,227**	**225,278**

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	30/09/2018 Carrying amount[(1)]	30/09/2017 Carrying amount[(1)]
ASSETS			
Available-for-sale financial assets	Available-for-sale financial assets at fair value through other comprehensive income	1,623	1,629
Related receivables	Loans and receivables at amortised cost	1	14
Loans and other financial assets	Loans and receivables at amortised cost	45,476	44,435
Non-current financial assets		**47,100**	**46,078**
Trade receivables	Loans and receivables at amortised cost	236,247	268,229
Other current assets[(2)]	Loans and receivables at amortised cost	35,369	38,399
Current financial assets	Loans and receivables at amortised cost	66,657	78,855
Cash and cash equivalents	Financial assets at fair value through profit or loss[(3)]	116,230	86,842
LIABILITIES			
Amounts due to credit institutions	Financial liabilities at amortised cost	6,156	11,421
Bond issue	Financial liabilities at amortised cost	231,720	137,134
Cash redemption option for the ORNANE bond	Financial liabilities at fair value through profit or loss	-	21,440
Finance leases	Financial liabilities at amortised cost	100,751	103,825
Bank credit balances	Financial liabilities at amortised cost	8,973	9,571
Other financial liabilities	Financial liabilities at amortised cost	16,305	12,232
Financial liabilities (including short-term portion)		**363,905**	**295,623**
Other non-current liabilities	Financial liabilities at amortised cost	1,603	149
Trade payables	Financial liabilities at amortised cost	319,376	319,109
Other financial liabilities[(2)]	Financial liabilities at amortised cost	119,254	123,765
Other current financial liabilities	Financial liabilities at amortised cost	33,878	22,394

(1) The fair values of financial assets and financial liabilities do not differ significantly from the carrying amounts.
(2) 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.
(3) 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.

Given the low expected use of variable rate lines, 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 64% 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 2018, the Pierre & Vacances-Center Parcs Group's net cash and cash equivalents balance stood at €107,256,000. This balance equals the gross amount of cash and cash equivalents (€116,230,000) less bank overdrafts (€8,973,000).

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 2018. The Group has therefore no liquidity risk.

Analysis of assets and liabilities associated with financing activities at 30 September 2018:

		Maturities		
(in € thousands)	**30/09/2018**	**< 1 year**	**1 to 5 years**	**> 5 years**
Amounts due to credit institutions	6,156	4,015	2,141	0
Bond issue	231,720	0	156,400	75,320
Finance leases	100,751	3,257	12,862	84,632
Other financial liabilities	16,305	12,305	3,174	826
Bank credit balances	8,973	8,973	-	-
Gross financial liabilities	**363,905**	**28,550**	**174,577**	**160,778**
Cash equivalents	-30	-30	-	-
Cash assets	-116,200	-116,200	-	-
NET FINANCIAL DEBT	**247,675**	**-87,680**	**174,577**	**160,778**

The Pierre & Vacances-Center Parcs Group's bank borrowings are not 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 consolidated operating profit (loss) 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 must remain less than or equal to 3.30 for the 2017/2018 financial year, in accordance with the credit agreement signed on 6 March 2016, as amended during the second half of 2017/2018.

This covenant is calculated contractually only once a year, at 30 September. The Pierre & Vacances-Center Parcs Group complied with this ratio for the 2017/2018 financial year.

At 30 September 2018, contractual interest payments not discounted on financial liabilities outstanding, by maturity date, were as follows:

		Maturities		
	30/09/2018	< 1 year	1 to 5 years	> 5 years
Contractual interest payments not discounted on outstanding financial liabilities	**120,219**	**14,662**	**54,323**	**51,234**

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 2018:

		Maturities		
(in € thousands)	30/09/2018	< 1 year	1 to 5 years	>5 years
Fixed-rate borrowings	231,721	0	156,401	75,320
Variable-rate borrowings	17,621	12,305	5,316	-
Other liabilities	826	-	-	826
Accrued interest expense	4,015	4,015	-	-
FINANCIAL LIABILITIES	**254,183**	**16,320**	**161,717**	**76,146**
Fixed-rate loans	6,330	473	1,963	3,895
Variable-rate loans	22,087	3,136	18,951	-
Variable-rate cash equivalents	30	30	-	-
FINANCIAL ASSETS	**28,447**	**3,639**	**20,914**	**3,895**
NET POSITION	**225,736**	**12,681**	**140,803**	**72,251**

The variable rate net position after management at 30 September 2018 was as follows:

(in € thousands)	30/09/2018
Borrowings	17,621
Loans	22,087
Cash equivalents	30
NET POSITION	**-4,496**

A 1% increase or decrease in short-term rates would have an effect of -€0.045 thousand and +€0.045 thousand, respectively, on net financial income (expenses) for the 2017/2018 financial year, compared with -€16.1 million of net financial expenses for the 2017/2018 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)	30/09/2018	30/09/2017
Tourism	237,239	253,734
Property development	67,729	52,713
Services	14,408	12,662
TOTAL	**319,376**	**319,109**

"Trade payables" were down by €268,000.

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)	30/09/2018	30/09/2017
Advances and deposits on orders in progress	132,418	139,139
VAT and other tax liabilities	62,957	71,490
Employee and social security liabilities	63,126	63,459
Lease liabilities	1,603	149
Other liabilities	56,128	60,306
OTHER OPERATING LIABILITIES	**316,232**	**334,543**
Property sales and support funds	74,471	80,090
Other deferred income	31,898	38,202
DEFERRED INCOME	**106,369**	**118,292**
TOTAL OTHER LIABILITIES	**422,601**	**452,835**
Other financial liabilities	420,998	452,686
Other non-current liabilities	1,603	149

The reduction of €30,234,000 in "Other current and non-current liabilities" is essentially due to other operating liabilities of €18,311,000.

23.2 - Current financial liabilities

(in € thousands)	30/09/2018	30/09/2017
External current accounts	33,878	22,394
	33,878	**22,394**

"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 2017/2018 financial year:

		30/09/2017	Activity-related changes	Other changes	30/09/2018
Net inventory value		185,880	-4,714	376	181,542
Trade receivables		268,229	-31,979	-3	236,247
Other current assets		266,820	21,559	-25,499	262,880
TOTAL WORKING CAPITAL REQUIREMENTS – ASSETS	**A**	**720,929**	**-15,134**	**-25,127**	**680,669**
Trade payables		319,109	283	-16	319,376
Other current and non-current liabilities		475,229	-18,768	18	456,479
TOTAL WORKING CAPITAL REQUIREMENTS – LIABILITIES	**B**	**794,338**	**-18,484**	**1**	**775,855**
WORKING CAPITAL REQUIREMENTS	**A-B**	**-73,409**	**3,350**	**-25,128**	**-95,186**
including change in non-operating receivables and payables			*3,719*		
including change in operating receivables and payables			*-369*		

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)	30/09/2018	Amounts not yet due or due for <1 year	Amounts due between 1 and 5 years	Amounts due in >5 years
Other non-current financial assets	45,477	45,477	-	-
Trade receivables (net)	236,247	236,247	-	-
Other current assets and current financial assets	262,880	261,875	1,005	-
TOTAL ASSETS	**544,604**	**543,599**	**1,005**	**-**
Other non-current liabilities	1,603	1,603	-	-
Trade payables	319,376	319,376	-	-
Other current liabilities and current financial liabilities	454,876	454,870	6	-
TOTAL LIABILITIES	**775,855**	**775,849**	**6**	**-**

Analysis of the main profit and loss items

Note 26 Revenue

(in € thousands)	Financial year 2017/2018	Financial year 2016/2017
Tourism	1,300,790	1,273,343
Pierre & Vacances Tourisme Europe[1]	*625,640*	*607,804*
Center Parcs Europe[2]	*675,150*	*665,539*
Property Development	133,935	151,966
TOTAL	**1,434,725**	**1,425,309**

(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 2017/2018	Financial year 2016/2017
France	796,598	784,590
The Netherlands	215,768	218,483
Belgium	117,381	110,365
Germany	113,103	112,033
Spain	57,888	47,820
Italy	52	52
TOURISM	**1,300,790**	**1,273,343**
France	113,891	144,147
Germany	3,536	3,213
Spain	10,885	173
The Netherlands	1,961	4,433
Belgium	560	0
China	3,102	0
PROPERTY DEVELOPMENT	**133,935**	**151,966**
TOTAL	**1,434,725**	**1,425,309**

Revenue in France, where the registered office is located, amounted to €910,489,000.

Note 27 Purchases and external services

(in € thousands)	Financial year 2017/2018	Financial year 2016/2017[1]
Cost of goods sold – Tourism	-45,566	-45,070
Cost of inventories sold – Property development	-74,203	-90,136
Rent and other co-ownership expenses	-472,843	-459,425
Subcontracted services (laundry, catering, cleaning)	-87,822	-81,647
Advertising and fees	-130,289	-128,958
Other (including holiday purchases)	-194,903	-193,375
TOTAL	**-1,005,626**	**-998,611**

(1) The breakdown by type of purchases and external services for the 2016/2017 financial year has been amended to take account of a presentational change in certain co-ownership expenses.

Purchases and external services amounted to an expense of €1,005,620 in the 2017/2018 financial year, up €7,015,000 compared with the 2016/2017 financial year.

Rent expense for the 2017/2018 financial year to individual and institutional owners of the land and buildings of the residences and villages operated by the Group was €372.0 million (€166.1 million of which for those marketed under Pierre & Vacances Tourisme Europe; and €205.8 million of which for Center Parcs Europe villages). This expense was €366.6 million for the 2016/2017 financial year (€167.5 million for those marketed under the Pierre & Vacances Tourisme Europe brands; €199.1 million for the Center Parcs Europe villages).

Note 28 Employee expenses

(in € thousands)	Financial year 2017/2018	Financial year 2016/2017
Salaries and wages	-271,700	-259,521
Social security expenses	-82,878	-78,261
Defined-contribution and defined-benefit plan expenses	701	-1,821
Share-based payment expenses	-1,625	-2,410
TOTAL	**-355,502**	**-342,013**

Employee expenses amounted to €355,502,000, up by €13,489,000 compared with the 2016/2017 financial year.

This amount also included the recognition of accrued income for €6,132,000 corresponding to the competitiveness and employment tax credit (*Crédit d'Impôt pour la Compétitivité et l'Emploi* – CICE), compared with €6,504,000 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**[1]	**Number of options granted**	**End date of the vesting period**	**Financial year 2017/2018**	**Financial year 2016/2017**
26/05/2014	AGA	20,889	01/01/2017	-	-27
02/12/2014	AGA	2,222	01/01/2017	-	-3
04/02/2016	AGA	302,500	04/02/2018	-679	-1,952
18/04/2017	AGA	79,700	18/04/2019	-945	-427
TOTAL		**405,311**		**-1,624**	**-2,410**

(1) 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 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 2017/2018	Financial year 2016/2017
Depreciation	-42,126	-42,259
Additions to provisions	-15,183	-10,805
TOTAL	**-57,309**	**-53,064**

Depreciation, amortisation and impairment amounted to -€15,183,000 in the 2017/2018 financial year. The increase from the previous financial year was the result of additional impairment losses on trade receivables.

Note 30 Other operating income and expenses from ordinary activities

(in € thousands)	Financial year 2017/2018	Financial year 2016/2017
Taxes and duties	-7,043	-8,318
Other operating expenses on ordinary activities	-8,083	-5,956
Other operating income from ordinary activities	15,752	26,901
TOTAL	**626**	**12,627**

"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 2017/2018 financial year, they also include the Group's share of the profit from the renovation of Center Parcs Hochsauerland (Germany) and Center Parcs Zandvoort (The Netherlands).

Note 31 Other operating income and expenses

(in € thousands)	Financial year 2017/2018	Financial year 2016/2017
Restructuring costs and site closures	-2,583	-2,495
Gains (losses) on disposals	-828	-1,309
Expenses incurred for the Group's 50th anniversary	0	-2,448
Net additions to (reversals of) provisions for restructuring costs	1,089	744
Additions for other provisions and provisions for legal proceedings	-508	0
Other	-1,824	-652
TOTAL	**-4,654**	**-6,160**

"Other operating income and expenses" represent expenses of €4,654,000. They primarily include costs and provisions associated with restructuring (-€2,583,000) as well as income from the disposal of property, plant and equipment for €828,000.

"Other operating income" (€5,414,000) essentially includes the sale price of assets sold off, with their net book value registered under "other operating expenses" (-€10,068,000).

In the 2016/2017 financial year, this item represented an expense of €6,160,000, mainly comprising costs and provisions for restructuring associated with the disentanglement from loss-making sites (-€2,495,000), the impact of the disposal of the English company W2IM, together with fees incurred in connection with the festivities to celebrate the 50th birthday of the Pierre & Vacances Center Parcs Group.

Note 32 Financial income (expense)

(in € thousands)	Financial year 2017/2018	Financial year 2016/2017
Gross borrowing costs	-40,292	-30,984
Income from cash and cash equivalents	1,108	769
NET BORROWINGS COSTS	**-39,184**	**-30,215**
Income from loans	1,052	1,086
Other financial income	568	1,173
Other financial expenses	-1,459	-1,363
Change in the fair value of the ORNANE derivative	22,902	-15,662
OTHER FINANCIAL INCOME AND EXPENSES	**23,063**	**-14,766**
TOTAL	**-16,121**	**-44,981**
Total financial expenses	*-41,751*	*-48,016*
Total financial income	*25,630*	*3,035*

Net financial expenses totalled €16,121,000 in the 2017/2018 financial year, compared with €44,981,000 in the 2016/2017 financial year.

It was negatively impacted in the amount of €311,000 by the costs of the early redemption of the 2019 ORNANE (expense of €23,213,000) and the change in the fair value of the ORNANE (income of €22,902,000). For the last financial year, it also included an expense of €15,662,000 corresponding to the change in the fair value of the ORNANE as well as an expense of €13,365,000 related to requests for the early redemption of 959,070 ORNANE-type bonds which took place in the 2016/2017 financial year.

Restated for these items, net recurring financial expenses totalled €15,810,000 in the 2017/2018 financial year, compared with €15,954,000 in the 2016/2017 financial year.

Note 33 Income tax and deferred tax

Breakdown of the tax expense

(in € thousands)	Financial year 2017/2018	Financial year 2016/2017
Consolidated profit (loss) before tax	**-3,861**	**-6,893**
Untaxed income:		
Impact of losses carried forward and other temporary differences not recognised or exceeding thresholds	54,207	29,993
Use of recognised tax loss carryforwards	-11,475	-15,282
Capitalised losses on tax losses and temporary differences excluding profit (loss) for the year		
Intra-group transactions having a tax impact	505	1,853
Other	-14,452	23,676
Consolidated taxable income	**24,924**	**33,347**
Group tax rate	34.43%	34.43%
Theoretical tax benefit at corporate tax rate applicable in France	**-8,581**	**-11,481**
Differences on tax rates abroad	-1,674	92
CVAE	-3,252	-3,494
Other	-13,726	-543
GROUP TAX INCOME (EXPENSE)	**-27,234**	**-15,426**
of which tax payable (including CVAE)	-11,885	-16,148
of which deferred taxes	-15,348	722

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 -€14,452,000 for 2017/2018 and mainly correspond to non-deductible financial expenses, as well as the change in the fair value of the ORNANE and IFRS 2 expense.

The other elements of the breakdown of deferred tax expenses relate to the prudential cancellation of part of the Group's tax receivables (internationalisation of the Group's activities, reducing the capacity to use tax losses in France in the medium term).

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. However, the French Tax Authority lodged an appeal before the French Council of State which gave its decision on 19 March 2018, not ruling on the merits of the case but referring it to the Appeal Court of Versailles. In parallel, Pierre et Vacances SA requested that the Council of State issue a priority preliminary ruling on the issue of constitutionality. The Council of State issued its opinion on 12 October 2018 which confirmed the Pierre & Vacances-Center Parcs Group's assessment of no financial risk being attached to this dispute.

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)	30/09/2017	Change through profit or loss	Change through other comprehensive income or loss	30/09/2018
France	6,909	670	-36	7,543
The Netherlands	-17,338	-221	-1,420	-18,979
Belgium	2,051	-206	-80	1,765
Germany	764	-233	-	531
Spain	-217	-253	-	-470
Italy	175	-	-	175
China	21	-	-	21
Deferred taxes on temporary differences	**-7,635**	**-243**	**-1,536**	**-9,414**
France	80,268	-13,700	-	66,568
Belgium	3,397	-2,011	-	1,385
Germany	2,431	-496	-	1,935
Spain	4,895	1,102	-	5,997
Deferred tax on losses carried forward	**90,991**	**-15,106**	**-**	**75,885**
TOTAL	**83,356**	**-15,348**	**-1,536**	**66,471**
of which deferred tax assets	*88,877*			*73,119*
of which deferred tax liabilities	*-5,521*			*-6,648*

At 30 September 2018, the Group's net deferred tax position amounted to €66,471,000, -€9,112,000 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 €75.9 million, including €66.6 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 2018, a reasonable time frame is set at within six years.

The tax rules applicable at the reporting date, namely those approved at 30 September 2018, 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 €318.0 million. This relates to the French tax consolidation group for an amount of €212.8 million.

Note 34 Earnings per share

Average number of shares

	Financial year 2017/2018	Financial year 2016/2017
Number of shares issued at 1 October	9,801,723	9,801,723
Number of shares issued during the financial year	1,822	-
Number of shares issued at the end of the period	**9,803,545**	**9,801,723**
Weighted average number of shares	9,537,288	9,535,071
Weighted average number of potential shares	**9,907,288**	**9,883,199**

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	Financial year 2017/2018	Financial year 2016/2017
on 26/05/2014 and outstanding	AGA	-	5,222
on 02/12/2014 and outstanding	AGA	-	556
on 02/02/2016 and outstanding	AGA	290,300	302,500
on 18/04/2017 and outstanding	AGA	79,700	39,850
		370,000	348,128

Earnings per share

	Financial year 2017/2018	Financial year 2016/2017
Profit (loss) attributable to owners of the Company *(in € thousands)*	-45,945	-56,727
Weighted basic earnings (loss) per share, attributable to owners of the Company *(in €)*	-4.82	-5.95
Weighted diluted earnings (loss) per share, attributable to owners of the Company *(in €)*[1]	-4.82	-5.95

(1) 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 2017/2018	Financial year 2016/2017
Management	1,393	1,267
Supervisory staff and other employees	6,448	6,351
TOTAL	**7,841**	**7,618**

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**	**30/09/2018**	**30/09/2017**
Rent commitments	318,895	1,051,897	812,810	2,183,602	2,127,879
Other commitments given(1)	15,593	28,687	102,654	146,935	152,346
Commitments given	**334,488**	**1,080,584**	**915,464**	**2,330,537**	**2,280,225**
Completion guarantees	2,177	69,491	-	71,668	98,599
Other commitments received	401	115	36,024	36,540	37,038
Commitments received	**2,578**	**69,606**	**36,024**	**108,208**	**135,637**

(1) Including 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 2018, the rent remaining to be paid by the Group over the residual term of these leases amounted to €2,184 million. The present value of these rent commitments, discounted at a rate of 6%, is €1,662 million, of which €1,165 million has a maturity of five years or less.

Breakdown of rent commitments by business segment and maturity date at 30 September 2018:

		Maturities					
(in € thousands)	**30/09/2018**	**< N+1**	**N+2**	**N+3**	**N+4**	**N+5**	**> N+5**
Pierre & Vacances Tourisme Europe	589,266	116,864	103,461	89,783	72,796	63,928	142,434
Center Parcs Europe	1,594,336	202,031	189,511	180,740	187,266	164,412	670,376
TOTAL	**2,183,602**	**318,895**	**292,972**	**270,523**	**260,062**	**228,340**	**812,810**

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 2018 other commitments given mainly comprised:
  - commitments given under the IT solutions and material outsourcing contract, totalling €18,220,000;
  - a guarantee not exceeding €7,077,000 given to Lagune following the company's acquisition of Center Parcs Allgaü GmbH;
  - of a surety of €4,000,000 from PVSA to BNP PARIBAS on behalf of SCCV Les Senioriales en Ville de Noisy-Le-Grand in relation to a bridging loan;
  - 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 €10,960,000 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 2018 resulted from:

- new guarantees issued during the year for a total amount of €28,448,000. The main programmes concerned were Les Senioriales Noisy-en-Ville (€13,817,000), Avoriaz-Arietis (€4,612,000), Les Senioriales – Saint Priest (€2,230,000), Les Senioriales – Ville de Cesson-Sevigne (€1,970,000), Les Senioriales – Mordelles (€1,945,000);
- a total reduction of €55,379,000 arising from the partial reduction and end of several guarantees during the financial year, mainly involving Méribel Ravines (-€15,325,000), Les Senioriales – Nandy (-€9,021,000), Les Senioriales – Rilleux la Pape (-€7,691,000), Center Parcs 3 forêts (-€6,733,000) and Presqu'Ile de la Touques Loisirs (-€6,244,000).

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 2018, 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 2018 in respect of the 2017/2018 financial year amounted to €229,000 compared to €225,000 for 2016/2017.

For the years ended 30 September 2018 and 30 September 2017, no salary[1] (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, Olivier 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 managing 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 €)	**2017/2018**	**2016/2017**
Fixed remuneration(1)	1,823,606	1,785,279
Variable remuneration(2)	572,033	723,951
Post-employment benefits(3)	43,283	32,892
Share-based remuneration(4)	331,445	952,579
TOTAL	**2,770,367**	**3,494,701**

(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.).

(1) 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, 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)	Financial year 2017/2018	Financial year 2016/2017
Revenue	22,644	23,093
Purchases and external services	-34,079	-35,165
Other operating income and expenses	-491	-9,089
Financial income (expense)	-1,171	244

Receivables and liabilities included in the statement of financial position linked to related parties are as follows:

(in € thousands)	30/09/2018	30/09/2017
Trade receivables	21,921	37,041
Other current assets	60,781	72,646
Trade payables	8,083	9,312
Other financial liabilities	46,104	38,581

Off-statement of financial position commitments linked to related parties:

(in € thousands)	30/09/2018	30/09/2017
Guarantees and pledges	14,673	13,908
Rent commitments(2)	157,136	93,235
commitments given	**171,809**	**107,143**
Guarantees and pledges	600	600
Completion guarantees	14,425	18,398
Commitments received	**15,025**	**18,998**

(2) These commitments are covered by a €10,960,000 parent company guarantee granted by PV SA at 30 September 2018, compared with €11,952,000 at 30 September 2017 (see Note 36 – "Off-statement of financial position commitments").

Note 40 Events after the 2017/2018 reporting period

Governance

Thierry Hellin is to step down from his position as executive CEO of the Pierre & Vacances-Center Parcs Group on 31 December 2018, in order to create his asset management and property investment consulting firm.

The Pierre & Vacances-Center Parcs Group will entrust property transactions and development research projects to this company, in addition to and in coordination with the Group's internal teams.

Signings of property renovation operations

Renovation of the Center Parcs Zandvoort Domain

On 9 November 2018, the Group signed a tripartite agreement with Gran Dorado Zandvoort BV, the current owner of the Center Parcs de Zandvoort on the Dutch side, and ZIB Zandvoort CV, the new owner. The agreement plans for the purchase of central facilities at the hotel and 120 cottages. The new owner is to also set to invest in the Domain's renovation programme. This operation, combined with the individual sales successfully undertaken by the PVCP Group on behalf of the current owner, will ensure the financing of the entire renovation and the Zandvoort Domain's move upscale.

Renovation of the Sunparks De Haan Domain

On 10 October 2018, the PVCP Group signed an unconditional agreement with two lead investors of two French and Belgian shareholding groups, ATREAM and Home Invest Belgium, for the disposal of 100% of the shares in Sunparks de Haan SA, owner of the Sunparks de Haan Domain.

The Domain is to be fully renovated with a significant improvement in its status with a view to being operated under the Center Parcs brand following the works.

4.2.7 Statutory auditors' report on the consolidated financial statements

Year ended 30 September 2018

To the General Meeting of Shareholders of Pierre et Vacances

Opinion

In compliance with the engagement entrusted to us by your General Meetings of Shareholders, we have audited the accompanying consolidated financial statements of **PIERRE ET VACANCES** for the year ended 30 September 2018.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 30 September 2018 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for opinion

Audit framework

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 opinion.

Our responsibilities under those standards are further described in the Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from 1 October 2017 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of Ethics for Statutory Auditors (Code de déontologie de la profession de commissaire aux comptes).

Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Evaluation of goodwill and brands

Risk identified:

At 30 September 2018, goodwill and brands are recognized in the statement of financial position at a net carrying amount of €261 million, or 18% of total assets. These intangible assets are not amortized 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 indicated 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 audit matter, 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 the 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 and main parameters such as the long-term growth rate and discounting rates used. This work was carried out with the help of our valuation experts.

We were informed of the outlook for the Group's various businesses based on interviews with management in order to assess the consistency of the cash flow forecasts.

We analyzed the relevance of the analyses of sensitivity to the key assumptions made by the Group and we also made our own sensitivity calculations to corroborate these analyses.

Recoverability of deferred tax assets in relation to tax loss carryforwards and tax risks

Risk identified:

At 30 September 2018, deferred tax assets for tax loss carryforwards amount to €76 million, including €67 million related to real estate and tourism activities in France.

As indicated in Note 33 to the consolidated financial statements, these deferred tax assets are only recognized 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 real estate.

First, therefore, we considered the assessment of the recoverable amount of these deferred tax assets to be a key audit matter due to the significant judgments made by management in recognizing these assets and their material amounts.

In addition, the Group's entities are inspected by the tax authorities on a regular basis, which may give rise to tax reassessments and disputes. An estimate of the risk relating to each dispute is reviewed by the Group's tax department, with the help of its external advisors where necessary. Ongoing proceedings related to Pierre et Vacances are described in Note 33 to the consolidated financial statements. In light of these proceedings and the degree of judgement required to assess the financial risk, we considered the valuation of provisions for tax risks as a key audit matter.

Our response:

Our approach consisted in examining the business plans relating to the tourism activities and real estate development completion forecasts in order 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 analyzed the consistency of the methodology used to recognize deferred tax amounts with the tax rules in force on the reporting date, in particular with the tax rates adopted and with the 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 tax risks, particularly in the case of Pierre et Vacances, and the measurement of the liabilities related to them, with the help of our experts we held meetings with the Group's tax department and consulted the decisions adopted and the correspondence between the local tax authorities, the Group entities and, where applicable, their lawyers. We examined the correct consideration of these developments in the estimation of these risks.

Real Estate development : Valuation of inventories and operating result of real estate development business

Risk identified:

At 30 September 2018, the work in progress and finished goods related to real estate development are recognized in the statement of financial position at €174 million and the operating result for real estate activities (including equity-accounted investments) amounts to -€11 million for the year ended 30 September 2018.

The accounting methods used to establish revenue, the property margin and the main estimates made by management on the basis of this evidence, are set out in Notes 1.26 and 1.27 to the consolidated financial statements.

The Group's real estate development business is mainly carried out in France based on off-plan sales contracts, and in other countries, through contracts with similar characteristics, through which the Group transfers ownership of future works as work is completed. Revenue and the operating result for the real estate development business are accounted for in the income statement 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 real estate sales signed at a notary's office ("commercial rate").

This method requires estimates on the part of management and, in particular, the assessment of the technical progress rate and sales, and the measurement of margin at completion.

In the case of loss-making contracts, a provision is recorded the year that the loss on completion is identified.

As indicated in Note 1.15 to the consolidated financial statements, the inventories related to real estate development business are valued at the lower of their purchase price or production costs and their probable net realizable amount.

Given the significance of the inventories and the operating result of the real estate activities accounted for in the Group's consolidated financial statements, we considered the valuation of these items to be a key audit matter.

Our response:

Our audit approach is to review the assumptions used by management to assess the operating result of the real estate development business and, in particular, the assumptions relating to sale prices, construction costs, fees for services and internal costs.

The technical progress rates of the programs with a significant property development margin were confirmed to us by the project managers responsible for the developments and we reconciled the commercial rates with the notarial deeds by performing tests of detail on the year's sales.

We also examined the costs incurred and still outstanding on the most significant projects in order to identify onerous contracts and, if applicable, we reconciled these costs to the loss at completion on these contracts.

We paid particular attention to the assessment of inventories for projects not yet commercially launched as well as for projects delivered. For projects not yet commercially launched, we reviewed the existence of prospective profits, through interviews with the management and analysis of the budgets. For projects already delivered, we reviewed the anticipated disposal price of unsold cottages with the disposal price of notarial deeds for the year ended 30 September 2018.

Verification of the Information Pertaining to the Group Presented in the Management Report

As required by law we have also verified in accordance with professional standards applicable in France the information pertaining to the Group presented in the management report of the Board of Directors.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We attest that the non-financial statement provided for by article L. 225-102-1 of the French Commercial Code (Code de commerce) is included in the management report, it being specified that, in accordance with the provisions of article L. 823-10 of said Code, we have verified neither the fairness nor the compliance with the annual accounts of the information contained in this statement.

Report on Other Legal and Regulatory Requirements

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Pierre et Vacances by the General Meeting of Shareholders held on 3 October 1988 for GRANT THORNTON and on 29 May 1990 for ERNST & YOUNG et Autres.

As at 30 September 2018, GRANT THORNTON was in its 31st year and ERNST & YOUNG et Autres in its 29th year of total uninterrupted engagement, and this was the 20th year since securities of the Company were admitted to trading on a regulated market.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (Code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report significant deficiencies, if any, in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements for the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide 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 set out in particular in Articles L.822-10 to L.822-14 of the French Commercial Code (Code de commerce) and in the French Code of Ethics for Statutory Auditors (Code de déontologie de la profession de commissaire aux comptes). Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Neuilly-sur-Seine and Paris-La Défense, 13 December 2018

The Statutory Auditors

French original signed by

GRANT THORNTON Membre français de Grant Thornton International Virginie Palethorpe	ERNST & YOUNG et Autres Bruno Bizet

4.3 Information on the parent company financial statements

4.3.1 The Company's business activities

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 arrondissement of Paris (Espace Pont de Flandre).

At 30 September 2018, 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.

4.3.2 Changes in the business

- **Revenue** for the 2017/2018 financial year totalled €14.7 million, versus €17.1 million for the previous financial year, i.e. a fall of €2.4 million.

  This decline in revenue is principally due to the absence of fees following the delivery of the programmes for the Center Parcs in Port Zeland and Hochsauerland which had generated invoiced fees of €2.6 million last year.

  Invoices for services rendered this year for Center Parcs "Sud Ouest Cottages" in the Lot et Garonne department in the amount of €1 million and the increase in invoicing for the Allgäu site (€0.4 million) enabled the lower level of invoicing for the Zandvoort and Gran Dorado sites to be offset.

  The breakdown of revenue generated in the 2017/2018 financial year is as follows:

  - €5.6 million 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 €3.5 million, the Center Parcs "Sud-Ouest Cottages" situated in France in the Lot et Garonne department in the amount of €1 million, and the Center Parcs at Zandvoort in the Netherlands in the amount of €0.9 million;
  - €1.1 million in invoices for commissions on guarantees of financial commitments given by the Company on behalf of its various subsidiaries;
  - €6.7 million in re-invoiced 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.

- **Transfers of operating expenses** of €15.1 million were recorded during the year. These essentially concerned:

  - the reinvoicing of head office costs and services of €9.5 million to subsidiaries in respect of their share of the expenses, down by €1.4 million compared with 2016/2017;
  - operating expenses on borrowings transferred to deferred expenses spread over the loan terms in the amount of €2.7 million for the 2017/2018 financial year;
  - operating expenses on borrowings of €2.1 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.

  They amounted to €33.6 million for 2017/2018 compared with €33 million for the previous year.

  This variation is mainly explained by an increase of assets amortization for a total amount of €0.5 million.

- **Operating income** saw a profit of €1 million compared with a loss of €0.8 million for the 2016/2017 financial year.

- **Net financial income** was negative at -€48.7 million for 2017/2018, compared with net positive income of €48.3 million for the previous year.

  Financial income for the year is mainly composed of the following items:

  - dividend income of €7.3 million from subsidiaries, including:
    - €4.9 million 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),
    - €1.8 million from the company PVFI, the Group's central cash management company,
    - €0.7 million from the company PV Courtage;

- reversals of provisions for impairment losses and total transfers of expenses in the amount of €4.6 million including, essentially:
  - a €2.7 million provision for financial expenses to cover the capital loss resulting from the options exercised at the end of the previous financial year for the redemption of "ORNANE"-type bonds,
  - €1.1 million in relation to the shares of Part House wound up by liquidation during the financial year;
- other interest income in the amount of €8.1 million, including €7.6 million 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 €34 million, notably including:
  - €21 million for conversion loss arising from requests to redeem "ORNANE"-type bonds,
  - €6.1 million interest expenses on bank loans including:
    - €1.6 million relating to the "ORNANE" bond issue subscribed during the financial year and maturing in 2023,
    - €2.6 million relating to the bond issued in the form of an unlisted "Euro PP" private placement maturing in 2019 and issued on 19 July 2016,
    - €1.9 million relating to the bond issued in the form of an unlisted "Euro PP" private placement maturing in 2025 and issued on 14 February 2018;
  - €2.1 million interest expenses and commissions on bank loans,
  - €1.5 million loss upon the liquidation of PART HOUSE,
  - €2.5 million in interest expense and commissions on short-term financing,
  - €0.5 million in fees and commissions on guarantees;
- amortisation and provisions on financial assets in the amount of €34.6 million, including:
  - €30.3 million in provisions for impairment losses of the investments in subsidiaries of respectively €25.5 million for Les Villages Nature in Val d'Europe, €4.6 million for Pierre et Vacances Maroc, and €0.3 million for PV-CP China Holding B.V.,
  - €4.2 million in provisions for the impairment loss on the current account of Les Villages Nature de Val d'Europe.

Net financial income for the 2016/2017 financial year was a profit of €48.3 million, It mainly consisted of the following:

- dividend income of €24.9 million from subsidiaries, including €18.9 million from Pierre et Vacances Tourisme Europe and €5.5 million from PV Marques;
- income of €41.3 million relating to reversals of provisions for current account and investment impairment losses of subsidiaries including €40.8 million for Pierre et Vacances Tourisme Europe and €0.4 million relating to the improvement of the net position of the company PVCP Support Services BV;
- interest income of €8.1 million on current accounts, including €7.6 million from Pierre & Vacances FI SNC;
- financial expenses of €26 million, including, in particular:
  - interest expense and commissions on bank loans and Group financial debt of €6 million,
  - interest expense and commissions on short-term financing of €4.1 million,
  - fees and commissions and expenses on sureties and interest rate swaps of €0.5 million,
  - financial expenses relating to the redemption in cash of 959,070 "ORNANEs" for a total of €12.1 million;
  - amortization and provisions on financial assets for a total amount of €3 million.

- **Non-recurring income** was a loss of €0.9 million for the 2017/2018 financial year compared with a loss of €2.7 million recognised the previous year.

Last year, the costs of organising the Group's 50th birthday celebrations of €1.9 million were recorded as non-recurring expenses.

- Pierre et Vacances SA, as the parent company in the tax consolidation group, has recorded a tax saving of €7.8 million in the 2017/2018 financial year resulting from tax consolidation.
- As a result, **net income** for the year was a loss of -€40.7 million compared with a profit of €53.1 million in the previous year, due primarily to the reduction in financial income.

4.3.3 Changes in financial position

- The balance sheet total stood at €1,126.7 million at 30 September 2018, compared with €1,086.8 million at 30 September 2017, an increase of €40 million.

  This change is mainly due to:

  - an increase in the "Bond issue" item of €98 million and an increase in "Miscellaneous borrowings" of €9 million less;
  - the loss of €40.7 million recognised for 2017/2018;
  - the reduction in other payables relating to income tax consolidation of €24 million.
- The **net carrying amount of investments in associates and other long term equity investments** at 30 September 2018 was €551.0 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
PV-CP Holding China	2.4
Adagio SAS	*0.5*

- In 2017/2018, Pierre et Vacances SA **equity** fell by €40.7 million to €832.8 million at 30 September 2018. This change corresponds to the loss of €40.7 million generated during the financial year.
- **Provisions for risks and expenses** at 30 September 2018 amounted to €3.8 million (compared with €7 million at 30 September 2017).

  Provisions for risks and charges at 30 September 2018 are related to the provisions covering the negative net position of the subsidiary Orion SAS.
- As regards the structure of the **financial liabilities,** at 30 September 2018 the outstanding bond issue corresponds to:
  - the ORNANE-type bond issued on 6 December 2017 with a principal amount of €100 and comprising 1,648,261 bonds with a value of €60.67 maturing on 1 April 2023.

    At the end of the reporting period, interest accrued on loans and borrowings amounted to €1.6 million;
  - the bond issued in the form of an unlisted "Euro PP" private placement on 19 July 2016 with a principal amount of €60 million 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 amounted to €0.5 million;
  - the bond issued in the form of an unlisted "Euro PP" private placement on 14 February 2018 with a principal amount of €76 million and maturing in February 2025. This issue, with a 3.90% coupon, was subscribed for by French institutional investors. At the end of the reporting period, interest accrued on this bond issue amounted to €1.9 million.

4.3.4 Outlook

In 2018/2019, Pierre et Vacances SA will continue to act as the Group holding company under conditions equivalent to those of the past financial year.

4.3.5 Subsidiaries, associates and other long-term equity investments

The activities of the main subsidiaries in 2017/2018 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 Financial year ended 30 September 2018, the loss made by Pierre & Vacances was €14.5 million.

- Pierre & Vacances Marques SAS

  The activity of this company consists of collecting royalties from the granting of rights to use its brands. Over this reporting period, the net income of Pierre & Vacances Marques was a €5.1 million profit.

- Pierre & Vacances FI SNC

  In 2017/2018, 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 million.

- PV-CP Immobilier Holding

  This sub-holding company for property development reported a loss of €22.8 million in the 2017/2018 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 53

    On 16 July 2018, following the establishment of Pierre et Vacances Investissement 53, Pierre et Vacances SA subscribed for 1,000 shares (or 100% of the share capital) of said company.

  - Pierre et Vacances Investissement 54

    On 16 July 2018, following the establishment of Pierre et Vacances Investissement 54, 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 et Vacances Investissement 52 (now PVCI Finances)

    On 27 October 2017, Pierre et Vacances SA sold to Pierre & Vacances Conseil Immobilier 1,000 shares in Pierre et 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.

  - Pierre et Vacances Investissement 50 (now LAB Senioriales)

    On 22 January 2018, Pierre et Vacances SA sold to PV Senioriales Promotion et Commercialisation, 1,000 shares in Pierre et Vacances Investissement 50 (i.e. all of the capital), for a total price of €10,000.

- Significant investments and disposals since the year-end

  None.

4.3.6 Allocation of profit

We propose allocating the loss for the financial year as follows:

to retained earnings (accumulated losses)	-40,718,431.77

Following this allocation of profit, equity will break down as follows:

share capital (9,804,565 x €10) €	€ 98,045,650.00
issue premiums	€21,246,111.39
merger premiums	€55,912.36
statutory reserve	€9,801,723.00
other reserves	€2,308,431.46
retained earnings	€701,383,122.65
TOTAL	**€832,840,950.86**

4.3.7 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.

4.3.8 Non tax 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 pursuant to Article 39-4 of the Code.

4.3.9 Table of the Company's results over the last five years

	Year ending 30 September				
Information type	**2014**	**2015**	**2016**	**2017**	**2018**
I - Company financial position					
a) Share capital	88,215	88,215	98,017	98,017	98,046
b) Number of shares issued	8,821,551	8,821,551	9,801,723	9,801,723	9,804,565
c) Par value *(in €)*	10.00	10.00	10.00	10.00	10.00
II - Results of transactions					
a) Revenue before tax	12,708	16,482	12,485	17,051	14,712
b) Income before tax, depreciation, amortisation and impairment	47,716	26,038	47,772	8,797	-15,453
c) Income tax	-10,011	-11,462	-31,878	-8,431	-7,843
d) Income after tax, depreciation, amortisation and impairment	30,309	73,060	121,387	53,127	-40,718
e) Profits distributed	-	-	-	-	-
III - Earnings per share *(in €)*					
a) Income after tax, but before depreciation, amortisation and impairment	6.54	4.25	8.13	1.76	-0.78
b) Income after tax, depreciation, amortisation and impairment	3.44	8.28	12.38	5.42	-4.15
c) Dividend per share	0.00	0.00	0.00	0.00	0.00
IV - Employees					
a) Number of employees					None
b) Employee expenses, excluding benefits					
c) Employee benefit expenses					

4.3.10 Information on payment maturities

Overdue invoices report

End of fiscal year (30 September 2018)

Amounts *en milliers d'euros*	Article D. I.– 1°: Invoices received, past due and not yet paid as of 30 September 2018						Article D. I.– 2°: Invoices issued, past due and not yet paid as of 30 September 2018					
	0 days (indi-cative)	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**90 days and more**	**Total (1 day and more)**	**0 days (indi-cative)**	**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	102					85	44					40
Amount (incl. VAT)	**6,832**	236	11	106	26	**379**	**4,134**	4,970	110	38	108	**5,226**
% of total purchases for the fiscal year (VAT excl.)	**20%**	1%	0%	0%	0%	**1%**						
% of total revenue for the fiscal year (VAT excl.)							**13%**	16%	0%	0%	0%	**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 French Commercial Code)												
Reference payment used	☐ Contractual payment terms ☑ Legal payment terms						☐ Contractual payment terms ☑ Legal payment terms					

4.4 Parent company financial statements

4.4.1 Income statement

(in € thousands)	Notes	2017/2018	2016/2017
Sales of services		14,712	17,051
Net revenue		**14,712**	**17,051**
Reinvoiced expenses and reversals of write-offs and provisions		15,158	14,897
Other income		4,737	275
Operating profit (loss)		**34,607**	**32,223**
Other purchases and external expenses		29,051	28,940
Income and other taxes		278	403
Social security expenses		1,024	944
Depreciation and amortisation		2,812	2,297
Provisions for current assets		32	5
Other operating expenses		402	451
Operating expenses		**33,599**	**33,040**
OPERATING PROFIT (LOSS)	**12**	**1,008**	**-817**
Financial income from associates and other long-term equity investments		7,329	24,912
Other interest income		8,122	8,068
Reinvoiced expenses and reversals of provisions		4,568	41,332
Net gain on disposals of marketable securities		38	64
Financial income		**20,057**	**74,376**
Amortisation and provisions on financial assets		34,644	2,981
Interest expense		33,987	23,099
Net (loss) on disposals of marketable securities		93	41
Financial expenses		**68,724**	**26,121**
FINANCIAL INCOME (EXPENSE)	**13**	**-48,667**	**48,255**
PROFIT (LOSS) FROM ORDINARY ACTIVITIES, BEFORE TAX		**-47,659**	**47,438**

(in € thousands)	Notes	2017/2018	2016/2017
Non-recurring income from capital transactions		6,710	5,579
Non-recurring income		**6,710**	**5,579**
Non-recurring expenses on management transactions		902	2,733
Non-recurring expenses on capital transactions		6,710	5,588
Non-recurring expenses		**7,612**	**8,321**
NON-RECURRING PROFIT (LOSS)	**14**	**-902**	**-2,742**
Employee profit-sharing			
Income tax	15	-7,843	-8,431
TOTAL INCOME		**61,374**	**112,178**
TOTAL EXPENSES		**102,092**	**59,051**
NET INCOME		**-40,718**	**53,127**

4.4.2 Balance sheet

Assets

(in € thousands)	Notes	Gross Amount	Amort. & Prov.	Net 30/09/2018	Net 30/09/2017
Intangible assets	**1**	**26,050**	**21,026**	**5,024**	**2,251**
Property, plant and equipment	**1**				
Other non-current assets		6,985	6,350	635	269
Assets in progress					
Financial assets	**1.2,4**				
Other long-term equity investments		582,432	31,510	550,922	555,482
Other financial assets		19		19	107
NON-CURRENT ASSETS		**615,486**	**58,886**	**556,600**	**558,109**
Advances and prepayments to suppliers		17		17	15
Trade receivables	4 & 5	10,738	161	10,577	9,529
Other receivables	3.4,5	550,077	4,182	545,895	505,842
Marketable securities	6	5,588		5,588	5,541
Cash and cash equivalents	6	143		143	661
Prepaid expenses	4 & 10	3,469		3,469	3,408
CURRENT ASSETS		**570,032**	**4,343**	**565,689**	**524,996**
Deferred expenses	11	4,397		4,397	3,721
OVERALL TOTAL		**1,189,915**	**63,229**	**1,126,686**	**1,086,826**

Statement of liabilities

(in € thousands)	Notes	30/09/2018	30/09/2017
Issued capital		98,046	98,017
Additional paid-in capital		21,301	21,330
Statutory reserve		9,802	9,802
Other reserves		2,308	2,308
Retained earnings		742,102	688,975
Profit (loss) for the year		**-40,718**	**53,127**
EQUITY	**7**	**832,841**	**873,559**
Provisions for charges		3,844	7,001
PROVISIONS FOR RISKS AND CHARGES	**2**	**3,844**	**7,001**
Financial liabilities			
Bond issue	4	240,014	141,990
Amounts due to credit institutions	4	19	
Sundry loans and other borrowings	4 & 8	28,787	19,722
Operating liabilities			
Trade payables	4 & 5	10,169	11,379
Tax and social security liabilities	4	205	12
Sundry liabilities			
Amounts due to suppliers of non-current assets	4		
Other liabilities	4 & 9	10,807	33,163
Accruals			
Deferred income	4 & 10		
TOTAL LIABILITIES		**290,001**	**206,266**
OVERALL TOTAL		**1,126,686**	**1,086,826**

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4.4.3 Notes to the parent company financial statements

Total assets before allocation reported in the statement of financial position at 30 September 2018 *(in €)*:	**1,126,685,745.51**
Loss for the year reported in the income statement *(in €)*:	**-40,718,431.77**

The amounts presented in these notes are in € thousands.

The reporting period lasts for 12 months, from 1 October 2017 to 30 September 2018.

These annual financial statements will be approved by the Board of Directors on 20 November 2018.

Highlights of the financial year

Financing activities

In order to refinance the ORNANE[1] issued in 2014, partly converted in advance during the second half of 2017, the Group undertook the issue, on 6 December 2017, of 1,648,261 ORNANE for the amount of €100 million, at a rate of 2.0% (compared with 3.5% for the previous issue) and maturing on 1 April 2023.

In addition, on 14 February 2018, the Group issued a new unlisted "Euro PP" private placement of €76 million bearing 3.9% interest (compared with 4.25% for the previous "Euro PP") and redeemable on 14 February 2025, for French institutional investors.

This new financing improves the Group's financial structure (in particular, by extending the average maturity of total liabilities), and gives it the financial resources to accelerate its growth and to seize opportunities for external growth.

Development of the tourism offering

Pierre & Vacances premium residence – Presqu'île de la Touques - Deauville

On 25 May 2018, the Group opened the five-star Pierre & Vacances premium residence "La Presqu'île de la Touques" in Deauville. The residence, which has 133 apartments and a collection of top of the range facilities (indoor and year-round heated outdoor swimming pools, Deep Nature® spa, etc.), enjoys an excellent geographical location opposite the yacht basin in Deauville marina.

Developing the Pierre & Vacances offering in Spain

On 6 April 2018, the Group acquired the Empuriabrava residence (48 units) with a view to marketing real estate over the next two financial years. The holiday residence portfolio is still being developed: five new investments in lease sites took place during the financial year (one premium four-star hotel with 141 bedrooms in the mountains of the Spanish Pyrenees and four seaside locations).

Aparthotels Adagio®: management of five Hipark residences

Since 1 February 2018, Aparthotels Adagio® has been managing five of BNP Paribas Real Estate's Hipark Design Suites business tourism residences under the "Hipark by Adagio" brand.

These residences, which are mainly positioned in the premium business tourism sector, are located in the main business centres in Paris, Val d'Europe, Grenoble, Nice and Marseille, and comprise almost 700 apartments.

This partnership with BNP PARIBAS Real Estate reinforces the leading role of Aparthotels Adagio® in France and offers the prospect of future developments in France and in Europe.

Transformation of the Domaine Sunparks de Vielsalm (Belgium) into Center Parcs

On 22 December 2017, the Domaine Sunparks de Vielsalm reopened under the Center Parcs brand after an investment of almost €35 million, which was financed by institutional and individual investors as part of a property renovation transaction.

This investment covers the renovation of 350 cottages and central facilities.

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.

(1) Investment spending was for the renovation of 350 cottages and central facilities of the Domaine.

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 generally determined by reference to the share of enterprise values less the total liabilities of the Group's companies for the companies concerned.

The enterprise value of the companies is calculated on the basis of the 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.
- Recognising the profit (loss) from subsidiaries: in accordance with statutory provisions, the 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 Tangible and intangible assets

Tangible and intangible assets	30/09/2017	Acquisitions	Disposals and retirements	30/09/2018
Intangible assets				
Brand names, concessions, patents	2,056	947		3,003
Businesses goodwill	19,470			19,470
Other intangible assets	-			-
Intangible assets in progress	1,109	2,972	-504	3,577
TOTAL INTANGIBLE ASSETS	**22,635**	**3,919**	**-504**	**26,050**
Property, plant and equipment				
Miscellaneous fixtures	4,604	66		4,670
Office and computer equipment, and furniture	1,916	399		2,315
TOTAL PROPERTY, PLANT, AND EQUIPMENT	**6,520**	**465**		**6,985**
Financial assets				
Long-term equity investments and related loans and receivables	557,679	25,840	-1,086	582,432
Loans and other financial assets	107		-88	19
TOTAL FINANCIAL ASSETS	**557,786**	**25,840**	**-1,174**	**582,452**
TOTAL GROSS TANGIBLE AND INTANGIBLE ASSETS	**586,941**	**30,224**	**-1,678**	**615,486**

Depreciation, amortisation and impairment	30/09/2017	Increases	Reductions	30/09/2018
Brand names, concessions, patents	914	642		1,556
Businesses goodwill	19,470			19,470
Other intangible assets				
TOTAL INTANGIBLE ASSETS	**20,384**	**642**		**21,026**
Property, plant and equipment				
Miscellaneous fixtures	4,380	61		4,441
Office and computer equipment, and furniture	1,870	39		1,909
TOTAL PROPERTY, PLANT, AND EQUIPMENT	**6,251**	**100**		**6,350**
Financial assets				
Long-term equity investments and related loans and receivables	2,197	30,386	-1,073	31,510
Loans and other financial assets				
TOTAL FINANCIAL ASSETS	**2,197**	**30,386**	**-1,073**	**31,510**
TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT	**28,832**	**31,128**	**-1,073**	**58,886**
TOTAL NET TANGIBLE AND INTANGIBLE ASSETS	**558,109**	**-904**	**605**	**556,600**

The net reduction in the value of tangible and intangible assets (€1,509,000) in the year was mainly due to:

- provisions for impairment losses on investments in associates and other long-term equity investments relating to:
  - the subsidiary Les Villages Nature de Val d'Europe for €25,456,000 thus reducing the net value of these shares to zero, taking into account the net negative financial position of the company at the reporting date,
  - the subsidiary Pierre et Vacances Maroc for €4,646,000 thus reducing the net value of these shares to €25,000 corresponding to the company's net financial position,
  - the subsidiary PV-CP China Holding B.V. for €284,000 thus reducing the net value of these shares to €2,434,000;
- the dissolution of the company Part house through liquidation which took place during the financial year for a gross share value of €1,054,000 together with the reversal of provisions corresponding to the same amount;
- the increase in the capital of the company Les Villages Nature de Val d'Europe of €24,221,000 and of the company Pierre et Vacances Maroc of €1,598,000;
- the net increase in IT projects under way, in the amount of €2,468,000.

Note 2 Provisions

	30/09/2017	Increases	Reductions Used	Reductions Not used	30/09/2018
Provisions for risks and charges	7,001	77	2,730	504	3,844
Provisions for impairment losses					
◆ *Goodwill*	*19,470*				*19,470*
◆ *Investments in associates and other long-term equity investments*	*2,197*	*30,386*	*1,055*	*18*	*31,510*
◆ *Trade receivables-*	*135*	*31*	*5*		*161*
◆ *Current accounts*	*69*	*4,182*	*69*		*4,182*
OVERALL TOTAL	**28,872**	**34,676**	**3,859**	**522**	**59,167**

At 30 September 2018, provisions consisted of the following:

Provisions for risks and charges corresponding to provisions covering the negative net position of the subsidiary Orion SAS for a total amount of €3,844,000.

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:

- €25,456,000 for Les Villages Nature de Val d'Europe;
- €5,732,000 for Pierre & Vacances Maroc;
- €284,000 for PV-CP China Holding companies BV;
- €38,000 for Orion SAS.

Provisions for impairment losses on other assets correspond to:

- €161,000 for trade receivables;
- the impairment loss on the current account of Les Villages Nature de Val d'Europe for €4,182,000.

The reversal of €3,859,000 relates to:

- the provision relating to the options exercised and received up to 20 October 2017 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;
- the provision covering the negative net financial position of the subsidiary Part House Srl wound up by liquidation during the financial year for a total of €1,055,000;
- the provisions for impairment losses on other assets including trade receivables of €5,000 and on the current account of the company Part-House Srl for €69,000.

Note 3 Other receivables

	30/09/2018	30/09/2017
CURRENT ACCOUNTS	**534,883**	**490,980**
Pierre & Vacances FI SNC	*487,699*	*428,463*
Les Villages Nature de Val d'Europe SAS	*46,887*	*52,717*
Pierre et Vacances Maroc	*297*	*5,033*
Adagio SAS		*4331*
Part-House Srl		*436*
STATE AND OTHER PUBLIC AUTHORITIES	**9,148**	**8,165**
OTHER RECEIVABLES AND MISCELLANEOUS ACCOUNTS IN DEBIT	**6,046**	**6,766**
TOTAL	**550,077**	**505,911**

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.

Amounts due from the State and other public authorities primarily correspond to:

- the request for the repayment of VAT for the month of September 2018 in respect of the consolidated Group VAT for a total of €2,200,000;
- the VAT credit vested as of 30 September 2018, for a total of €55,000 (as compared with €2,295,000 in consolidated VAT credits as of the end of the previous financial year);
- the Competitiveness and Employment Tax Credit (CICE) of €5,963,000 accrued by the company as the head of the tax group for 2017 (versus €5,095,000 at the previous year-end);
- input VAT of €727,000 (versus €636,000 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:

- €939,000 in income tax in its capacity as head of the consolidated tax group, compared with €2,607,000 for the previous year;
- consolidated VAT for the month of September 2018 in the amount of €4,301,000 (compared with €3,450,000 for September 2017).

Note 4 Schedule of maturities of receivables and liabilities

		Due date	
Receivables	**Amount**	**less than 1 year**	**more than 1 year**
Other financial assets	19		19
Advances and prepayments to suppliers	17	17	
Trade receivables	10,738	10,738	
State and other public authorities	9,148	9,148	
Group and associates	534,883	534,883	
Other receivables	6,046	6,046	
Accruals	3,469	3,469	
	564,320	**564,301**	**19**

In its accounts for the period ended 30 September 2018, Pierre et Vacances SA's balance sheet includes a receivable from the State in respect of the request for the repayment of the VAT credit for September 2018 relating to the consolidated Group VAT of €2,200,000.

The members of the consolidated VAT group as of 30 September 2018 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 d'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;
- La Gare du Bois Roger (ex PV Prog 49) S83
- 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	1 to 5 years	more than 5 years
Bond issue	240,014	4,014	60,000	176,000
Amounts due to credit institutions	19	19		
Sundry loans and long-term borrowings	28,787	28,361		426
Trade payables	10,169	10,169		
Tax and social security liabilities	205	205		
Other liabilities	10,807	9,088	878	841
	290,001	**51,856**	**60,878**	**177,267**

At 30 September 2018, the bond issue item comprises:

- the ORNANE-type bond issued on 6 December 2017 with a principal amount of €100,000 and compromising 1,648,261 bonds with a value of €60.67 maturing on 1 April 2023.

  At the end of the reporting period, interest accrued on loans and borrowings amounted to €1,638,000;
- 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 the end of the reporting period, interest accrued on this bond issue amounted to €516,000;
- the bond issued in the form of an unlisted "Euro PP" private placement on 14 February 2018 with a principal amount of €76,000,000 and maturing in February 2025. This issue, with a 3.90% coupon, was subscribed for by French institutional investors. At the end of the reporting period, interest accrued on this bond issue amounted to €1,860,000.

Other liabilities include €1,938,000 rent-free period for the Group headoffice buildings in the 19th arrondissement of Paris which extends up to July 2027.

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	30/09/2018	30/09/2017
Customers	1,209	8
Accrued Competitiveness and Employment Tax Credit (CICE) for the year	83	129
	1,292	**137**

Accrued expenses	30/09/2018	30/09/2017
Suppliers	2,941	823
Interest accrued on loans and borrowings	4,014	1,919
Attendance fees	327	268
State	3	10
Other	7	342
	7,292	**3,362**

Note 6 Marketable securities and cash

During the 2017/2018 financial year, the Pierre & Vacances-Center Parcs Group vested 2,842 preference shares under employee bonus share plans dating from 2016.

These preference shares may be converted to ordinary shares at any time during a period of six years following 9 February 2020, at the request of employee beneficiaries made to Pierre et Vacances SA.

The distribution of preference shares in the financial year ended 30 September 2018 was the subject of a capital increase through the issue of 2,842 preference shares of €10 each, fully drawn from the merger premiums account in the amount of €28,000.

Marketable securities, which amounted to €5,588,000 at 30 September 2018, consist exclusively of treasury shares.

At 30 September 2018, the Company held:

- 262,442 treasury shares intended to be granted to employees and totalling €5,436,000;
- 5,284 shares acquired to adjust the stock market price, for an amount of €151,000.

Cash and cash equivalents amounted to €143,000 at 30 September 2018, compared with €661,000 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 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**
Capital increase	29	-29			
Statutory reserve			53,127	-53,127	
Retained earnings					
Profit (loss) for the year				-40,718	-40,718
EQUITY AT 30 SEPTEMBER 2018	**98,046**	**21,301**	**754,212**	**-40,718**	**832,841**

During the financial year, on 9 February 2018, a capital increase was carried out through the issue of 2,842 preference shares of €10 each. This increase was fully drawn from the merger premiums account.

At 30 September 2018, the share capital of the company Pierre et Vacances SA consisted of 9,804,565 shares of €10 each for a total of €98,046,000.

At 30 September 2018, Société d'Investissement Touristique et Immobilier (S.I.T.I.) held 39.81% of the capital of Pierre et Vacances SA.

Note 8 Sundry loans and long-term borrowings

	30/09/2018	30/09/2017
Current accounts	**28,361**	**19,296**
Société d'Investissement Touristique et Immobilier (S.I.T.I.)	28,361	19,296
Deposits received	**426**	**426**
TOTAL	**28,787**	**19,722**

Note 9 Other liabilities

	30/09/2018	30/09/2017
Payables relating to income tax consolidation	1,479	26,052
Payables relating to the VAT consolidation group	7,053	6,484
Sundry liabilities	2,275	627
TOTAL	**10,807**	**33,163**

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 2018 VAT return submitted in its capacity as parent company of the tax consolidation group.

Sundry liabilities include attendance fees for the 2017/2018 financial year for a total of €328,000.

Note 10 Accruals

Assets	30/09/2018	30/09/2017
Rents and rental charges	2,087	2,086
Miscellaneous	1,382	1,322
TOTAL	**3,469**	**3,408**

The "Miscellaneous" item includes €1,382,000 in expenses relating to computer rental costs under licences and maintenance agreements at 30 September 2018.

Note 11 Deferred expenses

	30/09/2017	Increases	Reductions	30/09/2018
Bond issuance fees	1,638	2,746	1,470	2,914
Bank lending fees	2,083		600	1,483
TOTAL	**3,721**	**2,746**	**2,070**	**4,397**

The increase over the financial year of commissions on bond issues relates to the expenses and banking fees incurred in financing:

- the issue of bonds redeemable in cash and/or new and/or existing shares (ORNANE) for €2,017,000;
- the issue of the "Euro PP" repayable on maturity in 2025 for €729,000.

The reduction over the financial year of bond issuance fees corresponds:

- to €509,000 for the amortisation during the year of deferred expenses relating to the "EURO PP" type bonds maturing in 2022 and 2025 and THE "ORNANE" type bond maturing in 2023;
- to €961,000 for the reversal of the balance of deferred expenses relating to the "ORNANE" issued in 2014 and redeemed during the financial year ended 30 September 2018.

The reduction during the financial year of bank lending fees in the amount of €600,000 corresponds to the amortisation for the financial year of deferred expenses relating to the syndicated credit line maturing in 2021.

Note 12 Breakdown of operating profit (loss)

	2017/2018	2016/2017
Services	7,981	10,507
Miscellaneous rentals	6,731	6,544
TOTAL REVENUE	**14,712**	**17,051**
Reinvoicing of expenses and fees	15,153	14,848
Miscellaneous income	4,737	275
Reversal of provisions	5	49
TOTAL OPERATING INCOME	**34,607**	**32,223**
Rents and rental charges	8,023	7,900
Miscellaneous fees	9,093	12,438
Other purchases and external expenses	13,639	10,399
Depreciation, amortisation and impairment	2,844	2,303
TOTAL OPERATING EXPENSES	**33,599**	**33,040**
OPERATING PROFIT (LOSS)	**1,008**	**-817**

Revenue for the 2017/2018 financial year mainly consisted of:

- €5,598,000 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 €3,516,000, the Center Parcs "Sud-Ouest Cottages" situated in France in the Lot et Garonne department in the amount of €1,000,000, and the Center Parcs at Zandvoort in the Netherlands in the amount of €910,000.

  The €10,507,000 relating to the previous year consisted mainly of services invoiced to subsidiaries in the context of developing their activities for developing the Center Parcs property development programme in Allgau in Germany (Baden Wurttemberg) in the amount of €3,105,000 and Hochsauerland in the amount of €1,062,000 and the Center Parcs in the Netherlands in Zandvoort in the amount of €1,672,000 and Port Zelande in the amount of €1,513,000;
- €1,060,000 in invoices for commissions on guarantees of financial commitments given by the Company on behalf of its various subsidiaries compared with 1,604,000 in the previous financial year;
- €6,731,000 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 profit for the financial year was €1,008,000 compared with a loss of €817,000 in 2016/2017.

Note 13 Financial income (expense)

	2017/2018	2016/2017
Financial income from associates and other long-term equity investments	7,329	24,912
Reinvoiced expenses and reversals of provisions	4,568	41,332
Other interest income	8,122	8,068
Other financial income	38	64
FINANCIAL INCOME	**20,057**	**74,376**
Amortisation and provisions on financial assets	34,644	2,981
Interest expense	33,987	23,099
FINANCIAL EXPENSES	**68,724**	**26,121**
FINANCIAL INCOME (EXPENSE)	**-48,667**	**48,255**

Net financial income was negative at -€48,667,000 for 2017/2018, compared with net positive income €48,255,000 for the previous year.

It is mainly composed of the following items:

- dividend income of €7,329,000 from subsidiaries, including:
  - €4,855,000 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,
  - with €1,775,000 from the company PVFI, the Group's central cash management company,
  - €699,000 from the company PV Courtage;
- reversals of provisions for impairment losses and total transfers of expenses in the amount of €4,568,000 including, essentially:
  - a provision for financial expenses of €2,730,000, to cover the capital loss resulting from the options exercised at the end of the previous financial year for the redemption of "ORNANE"-type bonds,
  - €1,054,000 in relation to the shares of Part House wound up by liquidation during the financial year;
- other interest income in the amount of €8,122,000, including €7,585,000 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 €33,987,000, notably including:
  - the conversion loss arising from requests to redeem "ORNANE"-type bonds in the amount of €20,973,000,
  - interest expenses on bank loans of €6,054,000 including:
    - €1,638,000 relating to the "ORNANE" bond issue subscribed during the financial year and maturing in 2023,
    - €2,550,000 relating to the bond issued in the form of an unlisted "Euro PP" private placement maturing in 2019 and issued on 19 July 2016,

- €1,860,000 relating to the bond issued in the form of an unlisted "Euro PP" private placement maturing in 2025 and issued on 14 February 2018,
- interest expense and commissions on bank loans of €2,070,000,
- the loss upon the liquidation of PART HOUSE in the amount of €1,490,000,
- interest expense and commissions on short-term financing of €2,450,000,
- fees and commissions on guarantees in the amount of €517,000;

- amortisation and provisions on financial assets in the amount of €34,644,000, including:
  - provisions for impairment losses of the investments in subsidiaries of respectively €25,456,000 for Les Villages Nature de Val d'Europe, €4,646,000 for Pierre et Vacances Maroc, €284,000 for PV-CP China Holding B.V. and €38,000 for Orion SAS,
  - provisions for the impairment loss on the current account of Les Villages Nature de Val d'Europe for €4,182,000.

Net financial profit for 2016/2017 amounted to €48,255,000.

It mainly consisted of the following:

- dividend income of €24,912,000 from subsidiaries, including €18,932,000 from Pierre et Vacances Tourisme Europe and €5,462,000 from PV Marques;
- interest income of €8,068,000 on current accounts, including €7,587,000 from Pierre et Vacances FI SNC;
- income of €41,332,000 relating to reversals of provisions for current account impairment losses from subsidiaries including €40,766,000 for Pierre et Vacances Tourisme Europe and €367,000 relating to the improvement of the net position of the company PVCP Support Services BV;
- financial expenses of €23,099,000, including, in particular:
  - interest expense and commissions on bank loans and Group financial debt of €5,967,000,
  - interest expense and commissions on short-term financing of €4,110,000,
  - fees and commissions and expenses on sureties and interest rate swaps of €470,000,
  - financial expenses relating to the redemption in cash of 959,070 "ORNANEs" for a total of €12,110,000.

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Note 14 Non-recurring profit (loss)

	2017/2018	2016/2017
Non-recurring profit (loss) on management transactions	-902	-2,733
Non-recurring profit (loss) on capital transactions		-9
NON-RECURRING PROFIT (LOSS)	**-902**	**-2,742**

The non-recurring loss on management transactions for the year of -€902,000 consists of miscellaneous expenses and fees incurred in connection with its holding company activities.

The non-recurring loss for the previous financial year was -€2,742,000.

It was mainly composed of the following items:

- 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 €839,000;
- 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

	2017/2018	2016/2017
Reinvoiced Head Office costs and services	9,460	10,905
Borrowing costs reclassified to deferred expenses spread over the loan terms	2,746	
Borrowing costs reclassified to financial income (expenses)	2,070	1,841
Operating expenses reclassified to non-recurring income (loss)	675	1,967
Reinvoiced miscellaneous expenses	202	135
TOTAL RECLASSIFICATIONS OF OPERATING EXPENSES	**15,153**	**14,848**
Reinvoiced bank guarantees	192	198
TOTAL TRANSFERS OF FINANCIAL EXPENSES	**192**	**198**
TOTAL TRANSFERS OF EXPENSES	**15,345**	**15,046**

For the 2017/2018 financial year, €2,746,000 were recorded as 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 2018, 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;
- Maeva.com immobilier Services SAS;
- LAB SENIORIALES (ex pvi 50);
- 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 Investissement 51 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;
- PVCI Finances (ex PVI 52);
- 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	10
Tax passed on by subsidiaries	7,833
Net tax (benefit)	**7,843**

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 2017/2018 financial year.

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. However, the French Tax Authority lodged an appeal before the French Council of State which gave its decision on 19 March 2018, not ruling on the merits of the case but referring it to the Appeal Court of Versailles. In parallel, Pierre et Vacances SA requested that the Council of State issue a priority preliminary ruling on the issue of constitutionality. The Council of State issued its opinion on 12 October 2018 which confirmed Pierre & Vacances-Center Parcs Group's assessment of no financial risk being attached to this dispute.

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 €42,986,000 for 2017/2018, 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 €448,986,000 at 30 September 2018.

Note 18 Related companies

	Related Companies	Companies with which the company has an ownership interest
Statement of financial position items		
Net equity interests	550,407	515
Trade receivables	8,239	379
Other receivables(1)	493,236	42,705
Sundry loans and long-term borrowings(1)	-28,787	
Trade payables	-3,698	
Other liabilities	-8,532	
Income and expense items		
Financial expenses	-285	
Financial income	14,928	423
Non-recurring expenses	-214	
Non-recurring income		

(1) 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:	30/09/2018	30/09/2017
Lease payment guarantees	1,232,610	1,137,027
First-call guarantee to Sogefinerg (Ailette finance lease)	160,013	163,861
Guarantee given within the framework of contracts to outsource CPE IT solutions and equipment	18,220	24,123
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	0	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	0	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	0	7,075
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	0	7,418
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	7,077
Surety issued to SoGePi on behalf of PV Italia as part of the sale of Calarossa	0	413
Surety issued on behalf of SET PV Espana SL to Caixa Bank in connection with the opening of a credit line	453	1,689
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	0	3,145
Surety issued on behalf of SET PV Espana SL to Caixa Bank in connection with the signature of a credit line,	4,000	0
Surety issued on behalf of Bonnavista de Bonnemont to Caixa Bank in connection with the signing of a mortgage agreement	2,142	13,000
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
First-call guarantee to Lufthansa Airplus Servicekarten on behalf of various Group subsidiaries following the signing of "Air Plus Carte Logée" implementation contracts.	465	0

Mortgages:		
Mortgage on behalf of Les Senioriales – Tousouse Pont Jumeaux	5,450	5,450
Mortgage on behalf of Les Senioriales – Pollestres	3,800	3,800
Mortgage on behalf of Les Senioriales – Bassens	3,600	3,600
Mortgage on behalf of Les Senioriales – Nimes	3,000	3,000
Mortgage on behalf of Les Senioriales – Saint Priest	3,000	0
Mortgage on behalf of Les Senioriales – Bruges	0	3,365
Mortgage on behalf of Les Senioriales – Rilleux La Pape	0	1,500
COMMITMENTS GIVEN	**1,449,683**	**1,394,648**
Guarantees and pledges:		
Rent guarantee deposit – Artois	1,476	1,869
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 and other buildings in Artois	158	13
COMMITMENTS RECEIVED	**2,234**	**2,482**
RECIPROCAL COMMITMENTS	**0**	**0**

Lease payment guarantees

Pierre et Vacances SA has provided guarantees totalling €1,232,610,000 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 2018, 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 €130.6 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 €198.0 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 €185.7 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 €77.3 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 €142.5 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 €10.5 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 €5.8 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 €4.5 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 €4.4 million;
- to the individual owners of the Bonmont residence, for payment of outstanding rent commitments for the remaining term of the lease amounting to €0.1 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 €1.0 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 €0.7 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 €0.6 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 €9.8 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 €7.3 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 €5.6 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 €160,013,000 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 2018 in respect of the 2017/2018 financial year amounted to €229,000 compared to €225,000 for 2016/2017.

For the years ended 30 September 2018 and 30 September 2017, no salary (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, Olivier 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 managing 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:

	2017/2018	2016/2017
Fixed remuneration[(1)]	1,823,606	1,785,279
Variable remuneration[(2)]	572,033	723,951
Post-employment benefits[(3)]	43,283	32,892
Share-based remuneration (4)	331,445	952,579
TOTAL	**2,770,367**	**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.

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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	-25,922	100.00	64,965
Pierre et Vacances FI SNC	15	1,181	99.00	15
Pierre et Vacances Courtage SARL	8	459	99.80	8
Orion SAS	38	-3,805	100.00	38
Curchase SAS	10	-24	100.00	10
Pierre et Vacances Investissement XXXXVII SAS	10	-23	100.00	10
PV CP Support Services BV	18	249	100.00	18
Pierre et Vacances Maroc	147	0	99.99	5,757
Multi-Resorts Holding BV	18	114	100.00	18
Pierre et Vacances Tourisme Europe	52,590	113,093	100.00	422,130
Pierre et Vacances Marques SAS	62,061	3,315	97.78	60,686
PV-CP China Holding BV	2,718	-196	100	2,718
Pierre et Vacances Maeva Tourisme Haute Savoie SARL	8		100	8
Entwicklungsgesellschaft Ferienhauspark Bostalsee GmbH	100	7	59.95	20
Pierre et Vacances Investissement 51 SAS	10	0	100	10
Pierre et Vacances Investissement 53 SAS	10	0	100	10
Pierre et Vacances Investissement 54 SAS	10	0	100	10
SUBSIDIARIES (more than 10% of the capital held):				
GIE PV-CP Services	150	2	28.00	42
Adagio SAS	1,000	9,929	50.00	500
Les Villages Nature de Val d’Europe SAS	50,461	5,681	50.00	25,456
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	7	- 22,833	0	30/09/2018
15	80,387	0	0	2,030	1,775	30/09/2018
8	0	0	1,339	853	699	30/09/2018
0	0	0	295	-77	0	30/09/2018
10	0	0	986	243	0	30/09/2018
						30/09/2018
10	0	0	0	-3	0	30/09/2018
18	0	0	0	0	0	30/09/2018
25	297	0	0	-120	0	30/09/2018
18	0	0	0	-77	0	30/09/2018
422,130	0	0	0	-14,507	0	30/09/2018
60,686	0	0	7,873	5,137	4,855	30/09/2018
2,434	0	0	0	-88	0	30/09/2018
8	0	0	0	0	0	30/09/2018
20	0	0	0	-5	0	30/09/2018
10	0	0	0	-3	0	30/09/2018
10	0	0	0	0	0	30/09/2018
10	0	0	0	0	0	30/09/2018
42	0	0	79	0	0	30/09/2018
500	0	0	79,043	1,217	0	31/12/2017
0	46,887	0	13,877	-64,504	0	30/09/2018
15	0	0	0	-3	0	30/09/2018

Note 23 Events after the reporting period

Governance

Thierry Hellin is to step down from his position as Executive CEO of the Pierre & Vacances-Center Parcs Group on 31 December 2018, in order to create his asset management and property investment consulting firm.

The Pierre & Vacances-Center Parcs Group will entrust property transactions and development research projects to this company, in addition to and in coordination with the Group's internal teams.

Signing of property renovation operations

Renovation of the Center Parcs Zandvoort Domain

On 9 November 2018, the Group signed a tripartite agreement with Gran Dorado Zandvoort BV, the current owner of the Center Parcs de Zandvoort on the Dutch side, and ZIB Zandvoort CV, the new owner. The agreement plans for the purchase of central facilities at the hotel and 120 cottages. The new owner is to also set to invest in the Domain's renovation programme. This operation, combined with the individual sales successfully undertaken by the PVCP Group on behalf of the current owner, will ensure the financing of the entire renovation and the Zandvoort Domain's move upscale.

Renovation of the Sunparks De Haan Domain

On 10 October 2018, the Group signed an unconditional agreement with two lead investors of two French and Belgian shareholding groups, ATREAM and Home Invest Belgium, for the disposal of 100% of the shares in Sunparks de Haan SA, owner of the Sunparks de Haan Domain.

The Domain is to be fully renovated with a significant improvement in its status with a view to being operated under the Center Parcs brand following the works.

4.4.4 Statutory auditors' report on the financial statements

Year ended 30 September 2018

To the General Meeting of Shareholders of Pierre et Vacances

Opinion

In compliance with the engagement entrusted to us by your General Meetings of Shareholders, we have audited the accompanying financial statements of Pierre et Vacances for the year ended 30 September 2018.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 30 September 2018 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit Framework

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 opinion.

Our responsibilities under those standards are further described in the Statutory Auditors' Responsibilities for the Audit of the Financial Statements section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from 1 October 2017 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of Ethics for Statutory Auditors (Code de déontologie de la profession de commissaire aux comptes).

Justification of Assessments – Key Audit Matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements for the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Valuation of investments in associates and other long-term equity investments

Risk identified:

At 30 September 2018, the net carrying amount of investments in associates and other long-term equity investments as recorded in the statement of financial position was €550.9 million, or 49% of total assets. They are valued at their purchase price or at their contribution value.

When the net asset value falls bellows the 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 financial statements, the net asset value is generally determined by reference to the share of the enterprise values less the net debts for the entities concerned. The enterprise value of entities is 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 management.

Given the significance of investments in associates and other long-term equity investments in the statement of financial position and the sensitivity of valuation models to the assumptions used, we considered the valuation of the net asset value of equity investments in associates and other long-term equity investments as a key audit matter.

Our response:

Our assessment of these valuations is based on the process implemented by the company to determine the net asset value of investments in associates and other long-term equity investments. In particular, our work was to:

Our work consisted, in particular, of:

- Assess the main estimates, in particular the assumptions underlying the cash projections and main parameters such as the long-term growth rate and the discounted rates used, on which the estimate of the intrinsic value is based. These analyses were performed with the help of valuation experts.
- Reconcile the net debts used by the management and the net debts recorded in the financial statements of the entities concerned.
- Test the accuracy of the company's calculation of net asset values.
- In specific cases, when the net asset value was not based on the enterprise value less the net debt but on the share of equity, examine the consistency of share of equity used by the Group with the financial statements of these entities.

Tax risk

Risk identified:

The company is inspected by the tax authorities on a regular basis, which may give rise to tax reassessments and disputes. An estimate of the risk relating to each dispute is reviewed by the company's tax department, with the help of its external advisors where necessary.

Note 16 to the financial statements describes the dispute between your company and the French tax authorities. In view of this procedure and the degree of judgement required to assess the risks relating to it, we considered the valuation of provisions for this tax dispute as a key audit matter.

Our response:

With a view to assessing the estimated risks associated with the ongoing tax dispute and measuring the related liabilities, with the help of our experts we held meetings with the company's tax department and consulted the decisions adopted, and the correspondence between, the tax authorities, the company and, where applicable, its lawyers. Amongst other things, we examined the correct consideration of these developments in the estimation of this risk.

Verification of the Management Report and of the Other Documents Provided to the Shareholders

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

Information provided in the Management Report and in the Other Documents Provided to the Shareholders with respect to the financial position and the financial statements

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the other documents provided to the Shareholders with respect to the financial position and the financial statements.

In accordance with French law, we report to you that the information relating to payment times referred to in Article D. 441-4 of the French Commercial Code (Code de commerce) is fairly presented and consistent with the financial statements.

Report on Corporate Governance

We attest that the Board of Directors' Report on Corporate Governance sets out the information required by Articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code (Code de commerce).

Concerning the information given in accordance with the requirements of Article L. 225-37-3 of the French Commercial Code (Code de commerce) relating to remunerations and benefits received by the directors and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from controlling and controlled companies. Based on these procedures, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your Company considered likely to have an impact in the event of a public purchase offer or exchange, provided pursuant to Article L. 225-37-5 of the French Commercial Code (Code de commerce), we have agreed these to the source documents communicated to us. Based on our work, we have no observations to make on this information.

Other information

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Report on Other Legal and Regulatory Requirements.

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Pierre et Vacances by the General Meeting of Shareholders held on 3 October 1988 for GRANT THORNTON and on 29 May 1990 for ERNST & YOUNG et Autres.

As at 30 September 2018, GRANT THORNTON was in its 31st year and ERNST & YOUNG et Autres in its 29th year of total uninterrupted engagement, and this was the 20th year since securities of the Company were admitted to trading on a regulated market.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (Code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report significant deficiencies, if any, in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements for the current period and which are therefore the key audit matters that we are required to describe in this report. We also provide 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 set out in particular in Articles L.822-10 to L.822-14 of the French Commercial Code (Code de commerce) and in the French Code of Ethics for Statutory Auditors (Code de déontologie de la profession de commissaire aux comptes). Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Neuilly-sur-Seine and Paris-La Défense, 13 December 2018

The Statutory Auditors

French original signed by

GRANT THORNTON	ERNST & YOUNG et Autres
Membre français de Grant Thornton International	
Virginie PALETHORPE	Bruno BIZET

INFORMATION ABOUT THE COMPANY AND SHARE CAPITAL 5

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 from1 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

Preference shares (Articles 6, 7, 8 and 16 of the articles of association)

Category A and B preference shares are preference shares within the meaning of Article L. 228-11 of the French Commercial Code, whose issue was agreed by the Board of Directors on 9 February 2018, using the delegation granted by the Shareholders' Meeting of 4 February 2016.

Category A and B preference shares must be held in nominee form and cannot be contractually divided.

Category A and B preference shares do not have voting rights at Shareholders' Ordinary and Extraordinary Meetings of holders of ordinary shares.

Category A and B preference shares will only be entitled to dividends after a period of two years from their date of issue.

Category A and B preference shares confer an entitlement to liquidation dividends and are not transferable. They are convertible into ordinary shares, after a period of two years from their date of issue, in view of the difference between the weighted share price and the ceiling share price set at €45 or the floor share price set at €30, with adjustments being possible in the event of a change of control or delisting.

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 ordinary shares, in view of the portion of share capital that they represent, shall be attributed to all fully paid-up ordinary 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 issue premiums, double voting rights shall be attributed from the date of issue to registered ordinary shares allotted free of charge to a shareholder as a result of his ownership of existing ordinary shares that are already entitled to double voting rights.

All ordinary 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, to get her with the number of shares held by each such 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, the Company's articles of association provide that 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 (it being stipulated that category A and B preference shares do not have voting rights).

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.

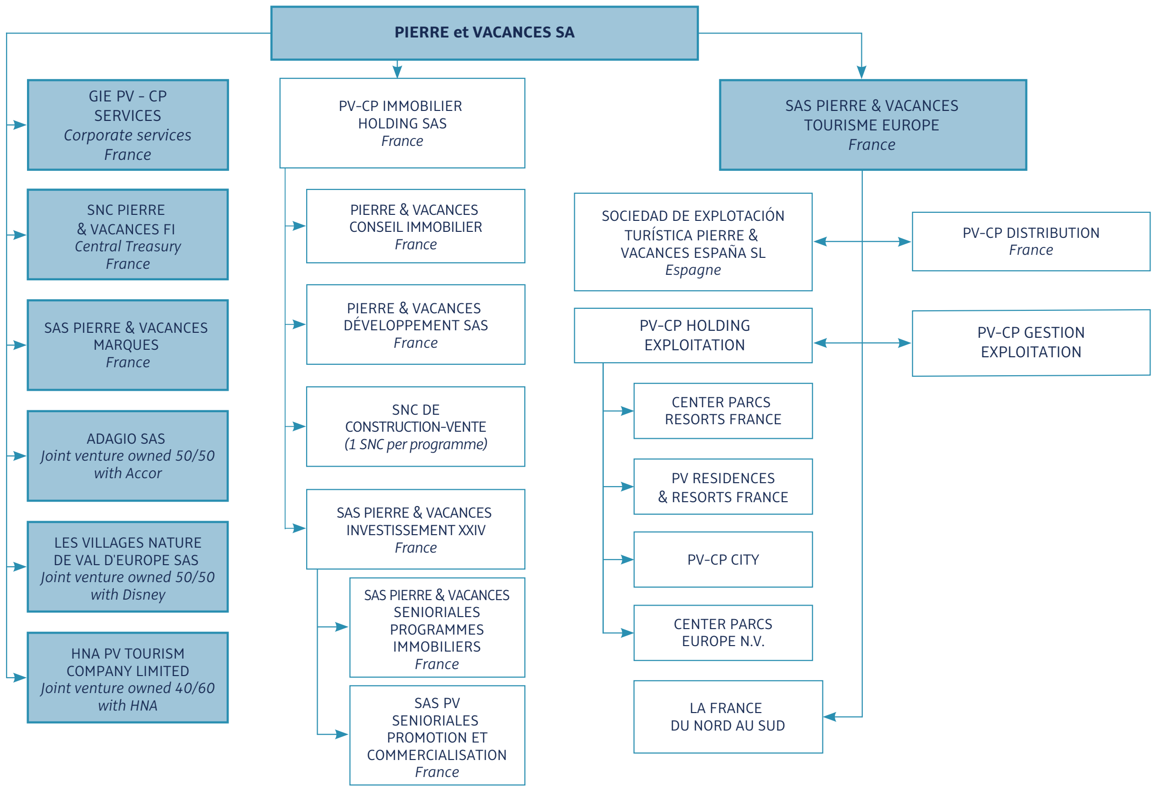
If all the shares are held in registered form, the notices provided for in the previous paragraph may be replaced by a meeting notice sent by registered post to each shareholder, with the Company bearing the cost of the same.

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 39.81% 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 2018



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 the19th 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 the domains 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-subsidiary companies – FY 2017/2018

(in € thousands)	Tourism	Property development	Other (including corporate departments)	PV SA (listed company)	Total Group
Non-current assets (including goodwill)	479,397	50,779	57,283	36,496	619,955
Gross financial debt (excluding derivative financial instruments – liabilities)	100,722	18,080	-	236,129	354,932
Cash and cash equivalents recognised on statement of financial position	60,836	7,477	47,773	143	116,230
Dividends paid to PV SA for the financial year	-	699	4,854	-	5,553

5.2 Information about the share capital

5.2.1 Share capital

At 30 November 2018, the share capital stood at €98,045,650, split into 9,801,723 ordinary shares, 1,476 category A preference shares and 1,366 category B preference shares, all of which have a par value of €10 and are fully paid-up.

Ordinary shares are in nominee or bearer form at the shareholder's discretion. Preference shares must be held in nominee form.

The Company keeps itself informed of the ownership of its shares under the conditions provided by law.

Ordinary shares are freely transferable, unless otherwise stipulated by law or regulations. Preference shares are not transferable.

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 ordinary shares held in nominee form for more than two years. At 30 November 2018, with double voting rights being granted on 4,985,814 ordinary shares and preference shares having no voting rights attached, the total number of voting rights stood at 14,787,537 for 9,801,723 ordinary shares.

5

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, (ii) the issue on 9 February 2018 of category A and B preference shares and (iii) the allocation plan for bonus preference shares of 18 April 2017 (the terms for conversion of preference shares into ordinary shares are set out on page 46 of this Registration 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 as at 30 November 2018 (each preference share can be converted into a maximum of 100 ordinary shares at the end of the lock-in period and on condition that performance conditions are met), would be €118,138,830 corresponding to 11,813,883 shares:

9,801,723 ordinary shares existing at 30/11/2018

+ 1,648,261 ORNANE (maturing on 01/04/2023)

+ 1,476 A preference shares issued on 09/02/2018 relating to the 04/02/2016 plan, i.e. potentially 147,600 ordinary shares

+ 1,366 B preference shares issued on 09/02/2018 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

= 11,813,883 potential shares at 30/11/2018

5.2.3 Changes in share capital over the last five financial years

Date	Operation	Par value *(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	9,801,720	14,879,010.96	98,017,230	9,801,723
09/02/2018	Capital increase through issuing category A and B preference shares	10	28,420	/	98,045,650	9,804,565

5.3 Shareholders

5.3.1 Ownership of share capital and voting rights at 30 November 2018

At 30 November 2018, the estimated shareholder structure of Pierre et Vacances is as follows:

	Number of shares	% of issued capital	Employee profit-sharing at 30 November 2018 *(in € thousands)*	Number of voting rights	% of voting rights
S.I.T.I.[1]	3,903,548	39.81	64,955	7,807,096	52.79
HNA Tourism Group	980,172	9.99	16,310	1,960,344	13.26[5]
CONCERTED TOTAL	**4,883,720**	**49.80**	**81,265**	**9,767,440**	**66.05**
Board members[2]	13,889	0.14	231	25,519	0.17
Treasury shares[3]	270,684	2.76	4,504	270,684	1.83
of which shares acquired as part of the buy-back programme	*262,442*		*4,367*		
of which shares acquired as part of the liquidity agreement	*8,242*		*137*		
General public[4]	4,636,272	47.29	77,148	4,723,894	31.95
TOTAL	**9,804,565**	**100.00**	**163,148**	**14,787,537**	**100.00**

(1) 63.71% of S.I.T.I. SA is directly held by S.I.T.I. SC "R", of which 40.18% of the capital and 92.86% of the voting rights are held by Gérard Brémond.
(2) Of which: 1,107 category A preference shares without voting rights.
(3) Treasury shares for which the voting rights cannot be exercised.
(4) Including employees (1,735 category B preference shares without voting rights and 94,548 ordinary shares i.e.0.98% of issued capital) and Financière de l'Échiquier (787,500 shares according to the notice of the breaching of shareholding thresholds dated 14 March 2018, representing at 30/11/2018 8.03% of issued capital and 5.32% of voting rights).
(5) HNA Tourism Group did not declare that it had crossed the 10% of voting rights threshold.

The Company has taken a number of measures to prevent the control exerted by S.I.T.I. SA from being abusive (see the report on corporate governance 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 at Shareholders' Ordinary Meetings;
- HNA Tourism Group directly holds over a twentieth of the share capital and more than one tenth of 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 2016			Situation at 30 September 2017			Situation at 30 September 2018		
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	39.83	56.46	3,903,548	39.83	56.68	3,903,548	39.81	52.78
HNA Tourism Group	980,172	9.99	7.09	980,172	9.99	7.12	980,172	9.99	13.25 (4)
CONCERTED TOTAL	**4,883,720**	**49.83**	**63.55**	**4,883,720**	**49.83**	**63.80**	**4,883,720**	**49.80**	**66.06**
Directors	19,710	0.20	0.14	19,725	0.20	0.15	17,939(1)	0.18	0.22
Treasury shares(2)	272,303	2.78	1.98	264,788	2.70	1.92	267,726	2.73	1.81
General public	4,625,990	47.19	34.33	4,633,490	47.27	34.13	4,635,180	47.28	31.93
of which employees	*104,341*	*1.06*	*0.99*	*112,370*	*1.15*	*1.03*	*92,458(3)*	*0.94*	*1.18*
TOTAL	**9,801,723**	**100**	**100**	**9,801,723**	**100**	**100**	**9,804,565**	**100**	**100**

(1) Including 1,476 category A preference shares without voting rights.
(2) Treasury shares for which the voting rights cannot be exercised.
(3) Including 1,366 category B preference shares without voting rights.
(4) HNA Tourism Group did not declare that it had crossed the 10% of voting rights threshold.

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 0.15% of the capital at 30 September 2018 (15,130 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. The special profit-sharing reserve set aside for the 2017/2018 financial year pursuant to the Group profit-sharing agreement amounts to €61,557. Given the fact that no profit-sharing was paid on the previous fiscal year, the cumulative profit-sharing on the two previous years according to legal formula amounts to €139,816.

Amounts due for Group profit-sharing in previous financial years:

For the 2016/2017 financial year	/
For the 2015/2016 financial year	€363,515
For the 2014/2015 financial year	€124,092
For the 2013/2014 financial year	/

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5.3.5 Notice of the breaching of shareholding thresholds

Financière de l'Échiquier, acting on behalf of its managed funds, declared that, on 13 March 2018, it had exceeded the threshold of 5% of the voting rights of Pierre et Vacances SA and held, on behalf of these funds, 787,500 shares in Pierre et Vacances, representing an equivalent number of voting rights, namely 8.03% of the capital and 5.69% 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 issued capital and voting rights of Pierre et Vacances SA, 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 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.

On 12 December 2018, S.I.T.I and HNA signed an agreement planning for the irrevocable disposal of the entire stake held by HNA in Pierre et Vacances. Consequently, the shareholding pact is to end when ownership of the shares is transferred.

5.3.7 Report on treasury shares

Within the framework of the treasury share buy-back programme authorised by the Shareholders' Ordinary Meeting of 9 February 2018, 51,133 shares were acquired under the AMAFI liquidity agreement at an average price of €33.61 between 9 February 2018 and 30 September 2018. During this same period, 49.886 shares were sold at an average price of €33.80 under the AMAFI agreement.

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, 130,500 options are outstanding and 92,000 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. 1,476 preference shares were definitively allocated to the beneficiaries and thus issued on 9 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 managers. At the conclusion of the vesting period, this plan covered 57 beneficiaries and 1,366 preference shares. 1,366 preference shares were definitively allocated to the beneficiaries and thus issued on 9 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.

At 30 September 2018, the Company held 267,726 treasury shares; 262,442 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.

On 2 July 2018, the Company asked ODDO BHF to implement a liquidity agreement pursuant 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). Previously, this contract had been concluded with Natixis.

As the authorisation given by the Shareholders' Ordinary Meeting of 9 February 2018 authorising a share buyback programme expires on 9 August 2019, 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 2018.

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5.3.8 Description of the programme submitted for approval to the Shareholders' Combined Ordinary and Extraordinary Meeting of 7 February 2019

As the authorisation given by the Shareholders' Ordinary Meeting of 9 February 2018 is valid until 9 August 2019, it was necessary to issue a new authorisation which will bring to an end, for the unused fraction, the authorisation given by the Shareholders' Combined Ordinary and Extraordinary Meeting on 9 February 2018 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. as at 30 November 2018, 980,456 shares with a par value of €10 each. In view of the 270,684 treasury shares already held at 30 November 2018, the maximum number of shares that can be acquired under this buy-back programme is therefore 709,772, which corresponds to a theoretical maximum investment of €35,488,600 based on the maximum purchase price of €50 provided for in the resolution which will be put to the vote at the Shareholders' Ordinary Meeting of 7 February 2019 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 7 February 2019, i.e. until 7 August 2020.

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 2018 results, the non-payment of a dividend will be proposed to the Shareholders' Ordinary Meeting of 7 February 2019.

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	BNP PARIBAS NEUFLIZE OBC	31/08/2018	30/03/2024	2,000,000 i.e. 20.40% of the issuer's share capital

5.4 Stock market indicators

Share

As at 30 November 2018, 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	Adjusted highs and lows	
		Highest	Lowest
June 2017	304,279	51.76	46.06
July 2017	158,787	50.00	45.00
August 2017	95,063	47.74	43.51
September 2017	143,991	46.50	43.50
October 2017	67,536	48.12	45.00
November 2017	143,962	47.00	41.01
December 2017	207,676	46.63	43.10
January 2018	113,512	45.65	41.50
February 2018	147,850	44.30	40.20
March 2018	168,469	41.00	36.10
April 2018	125,639	40.85	34.20
May 2018	100,088	41.00	35.90
June 2018	254,279	35.95	29.05
July 2018	160,250	30.90	26.20
August 2018	130,078	32.20	26.00
September 2018	57,480	31.00	27.25
October 2018	217,529	28.45	17.92
November 2018	261,845	21.35	13.86

(Source: Euronext).

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Convertible bonds

In November 2017, the Company issued bonds redeemable in cash and new and/or existing shares (ORNANE), maturing on 1 April 2023. These bonds were admitted for trading on Euronext Paris on 6 December 2017.

Share trading over the last 12 months:

	Price	
Period	**Highest**	**Lowest**
December 2017	60.40	59.64
January 2018	60.23	59.04
February 2018	59.72	58.48
March 2018	58.36	57.47
April 2018	58.72	56.86
May 2018	59.15	57.27
June 2018	56.97	55.92
July 2018	56.20	55.40
August 2018	56.50	55.17
September 2018	57.12	55.73
October 2018	55.64	55.53
November 2018	53.85	51.00

(Source: Euronext).

6 ADDITIONAL INFORMATION

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 220, 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, 14 December 2018

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)	2017/2018	2016/2017	2017/2018	2016/2017	2017/2018	2016/2017	2017/2018	2016/2017
Audit								
Statutory audits, certifications, examination of individual and consolidated financial statements	**1,188**	**1,084**	**94%**	**89%**	**364**	**315**	**93%**	**92%**
Issuer	281	268	30%	22%	192	147	49%	43%
Fully integrated subsidiaries	807	816	64%	67%	172	168	44%	49%
Services othe than the certification of accounts(1)	**71**	**131**	**6%**	**11%**	**26**	**29**	**7%**	**8%**
Issuer	48	98	4%	8%	6	0	2%	0%
Fully integrated subsidiaries	23	33	2%	3%	20	29	5%	8%
o.w. legal, tax, social	3	20						
TOTAL	**1,259**	**1,214**	**100%**	**100%**	**390**	**344**	**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 106 to 165 (financial report) of the 2016/2017 Registration Document registered with the AMF on 15 December 2017 under number D. 17-1108;
- 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 Group management report shown on pages 6 to 34 (financial report) of the 2016/2017 Registration Document filed with the AMF on 15 December 2017 under number D. 17-1108;
- 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;
- 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(1) published or made public by the Pierre & Vacances-Center Parcs Group over the last twelve months is the following:

Financial results

- Registration Document 2016/2017:
  - filed with the AMF on 15 December 2017 under No. D. 17-11108;
  - notice of the publication of the 2015/2016 Registration Document, published on 15 December 2017;
- Shareholders' Combined Ordinary and Extraordinary Meeting of 9 February 2018:
  - meeting notice, published in the French bulletin of obligatory legal announcements (BALO) of 3 January 2018;
  - meeting notice, published in the French bulletin of obligatory legal announcements (BALO) of 22 January 2018;
  - procedures for obtaining copies or viewing preparatory documents for the 2018 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.
- Financial information:
  - 1st quarter 2017/2018, published on 16 January 2018;
  - 2nd quarter 2017/2018, published on 12 April 2018;
  - 3rd quarter 2017/2018, published on 12 July 2018;
  - 4th quarter 2017/2018, published on 11 October 2018.
  - results of the first half of 2017/2018, published on 30 May 2018;
  - annual results for 2017/2018, published on 21 November 2018.

Transactions on the share capital

- Half-yearly report on the liquidity agreement:
  - at 31 December 2017, published on 2 January 2018;
  - at 30 June 2018, published on 2 July 2018;
- 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

- «Governance Pierre & Vacances-Center Parcs» published on 7 December 2018;
- «Bond issue on the European private placement market Euro PP » published on 25 January 2018;
- "Announcement press release" published on 21 November 2017;

(1) *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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