Groupe

Pierre & Vacances CenterParcs

UNIVERSAL REGISTRATION DOCUMENT 2018/2019

Including the Annual Financial Report

Summary

Groupe

Pierre & Vacances
CenterParcs

UNIVERSAL REGISTRATION DOCUMENT

Including the Annual Financial Report

2018/2019

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

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

This Universal Registration Document has been filed on 19 December 2019 with the AMF, as competent authority under Regulation (EU) 2017/1129, without prior approval pursuant to Article 9 of the said regulation. The Universal Registration Document may be used for the purposes of an offer to the public of securities or admission of securities to trading on a regulated market if completed by a securities note and, if applicable, a summary and any amendments to the Universal Registration Document. The whole is approved by the AMF in accordance with Regulation (EU) 2017/1129.

** French market regulator.*

PROFILE AND KEY FIGURES at 30 September 2019

A leading European operator of holiday residences

12,850 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 (57%) or institutional investors (43%)

TOURISM BUSINESS

- Operation of residences and villages under a lease or management agreement
- Sale of holidays (Group products or third party accommodation) to French (42%) or international (58%) clients

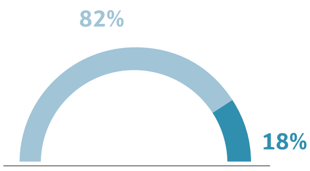
6 TOURISM BRANDS

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

€1,673 million

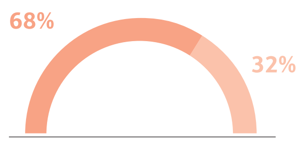
of revenue in 2018 / 2019

Breakdown of Group revenue by business lines



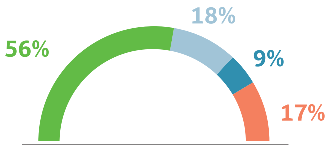
- Tourism
- Property development

Breakdown of Tourism business revenue by activity



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

Breakdown of rental revenue by destination



- Countryside (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 and in China.

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

Opening of the 6th German Center Parcs, Park Allgäu.

2019

Yann Caillère becomes CEO of the Group.

285 SITES* OPERATED IN EUROPE

46,200

apartments, houses and cottages, by the sea, in the mountains, in the cities and in the countryside, in France (59%) and internationally (41%)

42%

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
Yann Caillère

DEPUTY CHIEF EXECUTIVE OFFICER
Patricia Damerval

TOURISM CHIEF EXECUTIVE OFFICER
Martine Balouka-Vallette

12** BOARD MEMBERS

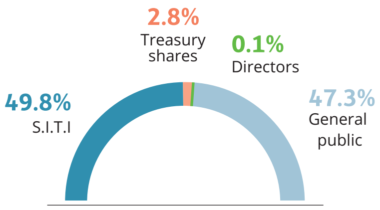
4 NATIONALITIES

5 INDEPENDENT MEMBERS

5 WOMEN

** *As of the date this Document was filed.*

SHARE CAPITAL DISTRIBUTION



S.I.T.I : Holding company held by Gérard Brémond
Public : 80% institutionals
20% individuals

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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 285 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 2019, over 95% 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 and/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.

  This strategy offers a second wind to the Center Parcs domains by ensuring the investments necessary for financing renovations while offering institutional owners some liquidity to their investment. It also enables growth in average selling prices thanks to the new standards of services offered as well as an increase in customer satisfaction.

  Finally, the size of these operations enables Pierre & Vacances-Center Parcs to highlight its expertise in countries where Center Parcs is often better known than the Group's other brands and where its tourism business stands out better than its property businesses. This reputation becomes a measure of confidence for institutional investors and strengthens the adherence of partners. It also ensures the maintenance of a high quality property network that is becoming increasingly difficult to acquire in attractive tourism regions.

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 Allgäu 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 2019, 57% of the apartments operated under lease agreements were owned by individuals (73% for Pierre & Vacances Tourisme Europe, the vast majority of whose holiday residence portfolio is in France, and 31% for Center Parcs Europe), and 43% 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

maeva.com – Strong development aims in the campsite and individual rental markets

maeva.com was created in 2014 from the Pierre & Vacances-Center Parcs Group's aim to create the first French online holiday rental sales platform. On its website, the brand brings together a rich and comprehensive offer of 28,000 holiday rentals in France by creating strategic partnerships with:

- more than 3,000 individual owners that would like to rent out their second home;
- more than 1,700 tourism professionals: camp-sites, real-estate agents, tourism residences, holiday villages, etc.

Thanks to this comprehensive offering, every year, maeva.com generates traffic of more than 12m views to its website and assists almost 500,000 holidaymakers in finding their holiday rental. maeva.com distributes under its own brand name and that of its maeva.com distribution partners: Airbnb, Booking.com, Eurostar, Oui.SNCF, Promovacances, Cdiscount, Abritel and more than 10,000 works' councils.

To strengthen its links with partner campsites, owners and real-estate agents, maeva.com has built a unique services and distribution platform:

- for partners who own a second home, with an "all-in-one" offer:
  - optimisation of rental revenue through various services: price consulting, writing adverts and taking professional photos, multi-partner distribution, and especially Booking.com, Airbnb, Abritel, company works' councils and partner websites and management of customer opinions,
  - full management of the property: welcome and reception, professional laundry and cleaning services, assistance and repair services, renovation consulting and an offer to provide equipment and furniture at negotiated prices.

  This offer is destined for former Group lease owners looking for an alternative professional and efficient management solution, as well as individual owners initially seduced by the services offered by real-estate agents or web players such as Abritel and Airbnb;
- for affiliated establishments – campsites, seasonal rental and real-estate agents: accompanying roll-out of the maeva.com experience concept (architectural design, signature animations...), pricing and revenue management, web acquisition, management of website, audit and consulting. So far, 12 affiliated establishments are rolling out the maeva.com brand experience at their holiday sites.
- for professional partners in tourism: purchasing centre, revenue management, web acquisition, reservation monitoring interface, real-time connection to the partner PMS, sales animation, etc.

Through the ongoing development of these new services, which testify to the significant appeal and evolution of the maeva.com business model, the brand is pursuing its aim to position itself as the leading European distribution and services platform for the campsite and individual property rental market.

International marketing of partner residences

In a bid to expand the Pierre & Vacances offer outside France, the Group has signed marketing agreements for some of the stock of independent partner sites that meet all the brand's quality and services standards.

In 2019, Pierre & Vacances marketed almost 191 residences or villas in France or outside France, representing an increase of 43 sites relative to 2018. This network of partners covers 20 high-quality destinations in 11 countries: France (Corsica and Reunion Island), Spain (including the Canaries and the Balearics), Italy (Sardinia, continental Italy), Croatia, Portugal (including Madeira), Greece (continental and the islands), Malta, Cyprus, Morocco, Austria, Mauritius. Almost a third of these residences offer a very high standard of services and surroundings thereby enabling a doubling in the Pierre & Vacances Premium offer (162 residences rated 4 out of 5 on Trip Advisor, and 82 with the TA 2019 Certificate of Excellence). Thanks to these sites, the Group also proposes new accommodation types such as villas with private swimming pools (in Mauritius, Crete, Corsica, Ibiza and Portugal).

Management mandates

In addition to lease management, the Group is expanding internationally through residence management mandates for the Pierre & Vacances, Center Parcs and Adagio brands.

- For Pierre & Vacances, several management mandate projects are in the late stages of negotiations, a first contract for which is currently being signed in France. In Spain, the Group manages seven residences under mandate.
- For Center Parcs, 2 Domains are managed under mandates: Parc Sandur in the Netherlands, et the new Terhills Resort in Belgium. Several other projects are under research or study in Scandinavia, Austria, Switzerland, Poland, Belgium, the Netherlands and East Europa.
- For Adagio, 13 aparthotels are managed under mandates by the joint-venture (in addition to the mandates Pierre & Vacances has entrusted to the joint-venture).

Tourism operation of Pierre & Vacances and Sunparks sites that are due to be developed in China is also set to be organised through management mandates.

Franchise

So far franchise contracts are favoured by Adagio for its international development: 18 residences are operated under franchise or master franchise abroad (United Arab Emirates, Brazil, Russia, Germany, the Netherlands). In France, 4 aparthotels are operated under franchise.

Franchises are also being developed under the Pierre & Vacances brand. The Group adapts its internal procedures to welcome new long-term partners and the first franchise contracts are being negotiated with the French destinations firstly (Corsica, Occitania, Savoie, etc.). At the same time, prospection is continuing outside France to develop the Pierre & Vacances model under franchise. The focus is placed as a priority on well-known or nearby markets such as Italy, Portugal, Switzerland and Austria.

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 2019

170 sites – 18,876 apartments and houses

(393 sites – 24,824 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.

25 sites – 16,581 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 – 821 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.

89 sites – 9,912 apartments

(110 sites – 12,665 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

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 2019, 59% of the apartments operated by the Group were located in France, 12% in the Netherlands, 10% in Spain, 9% 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 (55%) and holiday customers (45%).

A dominant weight of direct distribution

The holiday residence portfolio is marketed through direct distribution (76%), of which 40% via the Group websites, which has the advantage of reduced costs. In order to broaden the customer base and attract customers on shoulder seasons, the Group also uses indirect distribution (24%), through international agencies and tour operators active in all European countries.

1.1.2 The competitive environment

1.1.2.1 A key player

With 285 sites and 46,190 apartments, the Pierre & Vacances-Center Parcs Group is the European holiday residence market leader.

- In France, with accommodation capacity of 3,293 residences, the holiday residence and villages market is one of the main commercial accommodation modes. In 2018, 19 million people visited the holiday residences; 23% of them were international customers. The Pierre & Vacances-Center Parcs Group is leading this French market with 205 residences and 27,454 apartments.

  It faces competition from multiple sources – traditional players (holiday residences – Odalys, Appart'City, Lagrange, Goelia Vacanceole, Belambra, Club Med...– open-air accommodation, etc.) but also online players (specialist companies and C to C – Airbnb, HomeAway, etc.). In Northern Europe, the main competitors of Center Parcs France are Landal Greenparks (90 villages, or almost 12,000 bungalows in the Netherlands, Germany, Austria, Belgium, etc.) and Roompot (200 parks, 23 campsites and 6 hotels in the Netherlands, Germany and Belgium).

  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.

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

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

1.1.2.2 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

In view of the portfolio of reservations to date, the Group expects growth in the tourism businesses in Q1 2019/2020.

Over 2018/2019, performances by the tourism businesses were in line with Ambition 2022 targets (this strategy is detailed in powerpoint slides available on the Group website: www.groupepvcp.com, section Finance/publications/Presentations).

Programmes to renovate and upgrade the tourism networks of the various brands are going ahead according to the provisional schedule, and the first savings have been generated (€5 million).

In order to step up the momentum seen in 2018/2019, strategic reflection is underway to intensify and accelerate the roll-out of the Group Transformation Plan targeting lasting profitability.

The strategic action plan is to be finalised in early 2020.

1.1.4 Business model summary

CAPITAL

Share capital
- A Group listed on the stock exchange since **1999**
- Almost **50%** 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
- Over **12,800** talented employees committed to customer satisfaction every day
- **66%** of employees under the age of 45
- **53%** of managers are women

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
- **285** destinations in the heart of natural environments with vast, responsibly-managed natural spaces
- **42%*** 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
- **€1,673m*** in annual revenue
- **€31m** EBIT (**x3** vs FY 2017/2018)
- A reduction in net debt and a high level of liquidity maintained

** On 2019/09/30*

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
- **82%** of employees satisfied by the company in general
- Over **90,000** training hours
- **50%** loyalty rate of seasonal workers

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 Company information

1.2.1 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, business activity code and LEI

316 580 869 RCS Paris.
Business activity code: 7010Z.
LEI: 9695009FXHWX468RM706.

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 C 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 18 April 2019, using the delegation granted by the Shareholders' Meeting of 4 February 2016.

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

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

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

Category A, B and C preference shares confer an entitlement to liquidation dividends and are not transferable. Category A and B preference shares 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. Category C preference shares 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 €61.5 or the floor share price set at €41, with adjustments being possible in the event of a change of control or delisting.

As mentioned on page 62 of this Universal Registration Document, the Shareholders' Extraordinary Meeting of 5 February 2020 will be asked to decide on changes to the preference share A, B and C characteristics.

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, B and C 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.

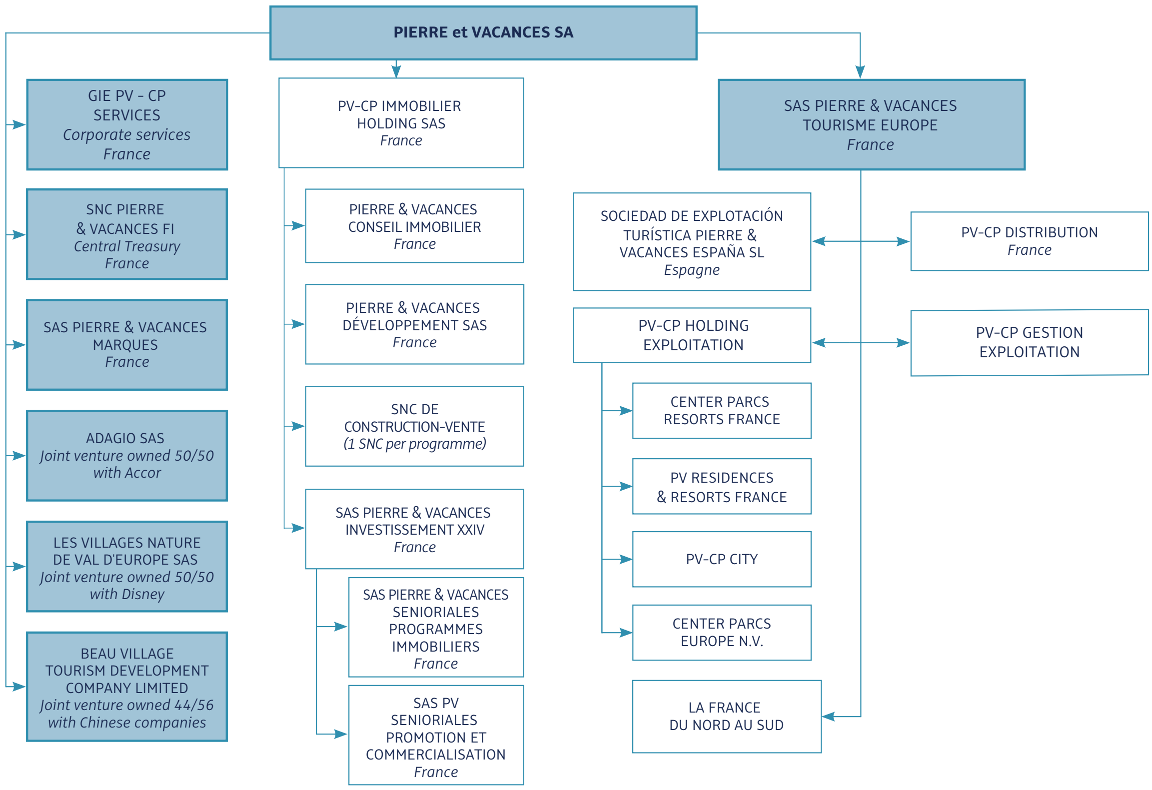
If all the shares are held in registered form, the notices provided for in the previous paragraph may be replaced by a meeting notice sent by registered post to each shareholder, with the Company bearing the cost of the same.

1.2.2 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 49.81% stake in Pierre et Vacances SA. The Pierre & Vacances subgroup is the only asset of S.I.T.I. SA and is fully consolidated.

1.2.3 Legal form of Pierre et Vacances

Simplified organisational structure at 30 September 2019



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 and Pierre & Vacances, 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 (8 villages),
  - Center Parcs Germany Holding BV, which manages 6 villages in Germany through various subsidiaries,
  - CPSP België NV which, through various subsidiaries, markets and manages 6 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:

- Pierre & Vacances Investissement XXIV, a holding company of Les Senioriales, which controls:
  - PV Senioriales Programmes Immobilier, which holds the construction-sales companies,
  - PV Senioriales Promotion et Commercialisation which promotes, constructs and markets the Senioriales residences;
- 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.

1.3 Information about the share capital

1.3.1 Share capital

At 30 November 2019, the share capital stood at €98,052,320, split into 9,801,723 ordinary shares, 1,476 category A preference shares, 1,366 category B preference shares and 667 category C 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 2019, with double voting rights being granted on 4,009,227 ordinary shares and preference shares having no voting rights attached, the total number of voting rights stood at 13,810,950 for 9,801,723 ordinary shares.

As mentioned on page 62 of this Universal Registration Document, the Shareholders' Extraordinary Meeting of 5 February 2020 will be asked to decide on changes to the preference share A, B and C characteristics.

1.3.2 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 issue on 18 April 2019 of category C preference shares (the terms for conversion of preference shares into ordinary shares are set out on page 60 of this Registration Document, being remind that the Shareholders' Extraordinary Meeting of 5 February 2020 will be asked to decide on changes to the preference share A, B and C conversion terms), the theoretical potential capital of Pierre et Vacances, if all of the ORNANE bonds were converted into new shares, and in the event of the conversion into new shares of all category A,B and C preference shares (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 €118,008,840 corresponding to 11,800,884 shares:

9,801,723 ordinary shares existing at 30/11/2019

+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

+667 C preference shares issued on 18/04/2019 relating to the 18/04/2017 plan, i.e. potentially 66,700 actions ordinary shares

= 11,800,884 potential shares at 30/11/2019

1.3.3 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 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
18/04/2019	Capital increase through issuing category C preference shares	10	6,670	/	98,052,320	9,805,232

1

1.4 Shareholders

1.4.1 Ownership of share capital and voting rights at 30 November 2019

At 30 November 2019, the estimated shareholder structure of Pierre et Vacances is as follows:

	Number of shares	% of issued capital	Share value *(in € thousands)*	Number of voting rights	% of voting rights
S.I.T.I.(1)	4,883,720	49.81	80,581	8,787,268	63.62
Board members	13,145	0.13	217	13,770	0.10
Treasury shares(2)	263,638	2.69	4,350	263,638	1.91
of which shares acquired as part of the buy-back programme	*262,442*		*4,330*		
of which shares acquired as part of the liquidity agreement	*1,196*		*20*		
General public(3)	4,644,729	47.37	76,638	4,746,274	34.37
TOTAL	**9,805,232**	**100.00**	**161,786**	**13,810,950**	**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) Treasury shares for which the voting rights cannot be exercised.
(3) Including employees (3,509 category A, B and C preference shares without voting rights and 101,054 ordinary shares i.e.1.06% of issued capital) and Financière de l'Échiquier (791,600 shares according to according to the identification of the holders of bearer shares at 30 September 2019, representing at 30/11/2019 8.07% of capital and 5.73% of voting rights).

The Company has taken a number of measures to prevent the control exerted by S.I.T.I. SA from being abusive (see the 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.

1.4.2 Changes in share capital and voting rights over the last three financial years

	Situation at 30 September 2017			Situation at 30 September 2018			Situation at 30 September 2019		
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	56.68	3,903,548	39.81	52.78	4,883,720	49.81	63.62
HNA Tourism Group	980,172	9.99	7.12	980,172	9.99	13.25(4)	-	-	-
CONCERTED TOTAL	**4,883,720**	**49.83**	**63.80**	**4,883,720**	**49.80**	**66.03**	**-**	**-**	**-**
Directors	19,725	0.20	0.15	17,939(1)	0.18	0.22	13,789(5)	0.14	0.18
Treasury shares(2)	264,788	2.70	1.92	267,726	2.73	1.81	270,428	2.76	1.96
General public	4,633,490	47.27	34.13	4,635,180	47.28	31.93	4,637,295	47.29	34.24
of which employees	*112,370*	*1.15*	*1.03*	*92,458(3)*	*0.94*	*1.18*	*89,770(6)*	*0.91*	*1.26*
TOTAL	**9,801,723**	**100**	**100**	**9,804,565**	**100**	**100**	**9,805,232**	**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.
(5) Including 1,107 category A preference shares without voting rights.
(6) Including 2,033 category B and C preference shares without voting rights.

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.

1.4.3 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 0.14% of the capital at 30 September 2019 (13,650 shares).

1.4.4 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. For 2018/2019, the Group derogatory agreement triggered no profit-sharing. In contrast, an amount of €101,413 is to be paid to the profit-sharing fund on behalf of the legal shareholdings of certain companies.

Amounts due for Group profit-sharing in previous financial years:

For the 2017/2018 financial year	€61,557
For the 2016/2017 financial year	/
For the 2015/2016 financial year	€363,515
For the 2014/2015 financial year	€124,092

1.4.5 Notice of the breaching of shareholding threshold

Concerted action made up of S.I.T.I. SA and the company governed by Chinese law, HNA Tourism Group, stated it had reduced its stake, on 21 December 2018, to below the thresholds of 50% of voting rights and one third, 30%, 25%, 15%, 10% and 5% of the capital and voting rights of Pierre et Vacances SA and that together it no longer owns any Pierre et Vacances shares.

The crossing of these thresholds stemmed from an agreement signed on 12 December 2018 to dispose of all the Pierre et Vacances shares owned by HNA Tourism Group in favour of S.I.T.I., thereby ending the shareholding pact concluded between the two companies and their concerted action relative to Pierre et Vacances.

On this occasion, S.I.T.I. crossed no ownership threshold.

1.4.6 Report on treasury shares

Within the framework of the treasury share buy-back programme authorised by the Shareholders' Ordinary Meeting of 7 February 2019, 28,980 shares were acquired under the AMAFI liquidity agreement at an average price of €16.33 between 7 February 2019 and 30 September 2019. During this same period, 21.055 shares were sold at an average price of €16.52 under the AMAFI agreement.

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 senior Group managers. 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, 115,000 options are outstanding and 107,500 options have lapsed.

Using the authorisations conferred upon it by the Shareholders' Ordinary Meeting of 4 February 2016, the Board of Directors began, on 4 February 2016, a plan to allocate 1,476 free preferential shares to three executive 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.

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.

Using the authorisations conferred upon it by the Shareholders' Ordinary Meeting of 4 February 2016, the Board of Directors began, on 18 April 2017, a plan to allocate 797 free preferential shares to 42 senior Group managers. At the conclusion of the vesting period, this plan covered 37 beneficiaries and 667 preference shares. 667 preference shares were definitively allocated to the beneficiaries and thus issued on 18 February 2019. 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.

As mentioned on page 62 of this Universal Registration Document, the Shareholders' Extraordinary Meeting of 5 February 2020 will be asked to decide on changes to the preference share A, B and C characteristics, notably conversion terms,

At 30 September 2019, the Company held 270,428 treasury shares, of which 7,986 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 7 February 2019 authorising a share buyback programme expires on 7 August 2020, 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 2019.

1.4.7 Description of the programme submitted for approval to the Shareholders' Combined Ordinary and Extraordinary Meeting of 5 February 2020

As the authorisation given by the Shareholders' Ordinary Meeting of 7 February 2019 is valid until 7 August 2020, 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 7 February 2019 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 2019, 980,523 shares with a par value of €10 each. In view of the 263,638 treasury shares already held at 30 November 2019, the maximum number of shares that can be acquired under this buy-back programme is therefore 716,885, which corresponds to a theoretical maximum investment of €35,844,250 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 5 February 2020 for approval.

The authorisation will be granted for a period of eighteen months from the Shareholders' Combined Ordinary and Extraordinary Meeting of 5 February 2020, i.e. until 5 August 2021.

1.4.8 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 2019 results, the non-payment of a dividend will be proposed to the Shareholders' Ordinary Meeting of 5 February 2020.

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	3,829,217 i.e. 39.05% of the issuer's share capital

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1.5 Stock market indicators

Share

As at 30 November 2019, 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 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	466,740	21.35	13.86
December 2018	436,093	16.76	14.240
January 2019	229,538	19.38	15.620
February 2019	329,214	18.82	15.7
March 2019	129,538	18.1	15.52
April 2019	135,057	18.2	15.44
May 2019	77,070	17.82	15.56
June 2019	392,614	17.2	15.02
July 2019	202,782	17.36	15.44
August 2019	72,336	17.62	15.72
September 2019	109,305	16.48	15.5
October 2019	122,964	16	14.38
November 2019	311,415	16.5	14.72

(Source: Euronext).

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 18 months

Period	Price	
	Highest	Lowest
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
December 2018	51.83	50.98
January 2019	52.63	52.63
February 2019	52.64	52.64
March 2019	52.67	52.67
April 2019	52.27	52.27
May 2019	52.57	52.57
June 2019	52.92	52.92
July 2019	53.35	53.35
August 2019	53.96	53.96
September 2019	53.90	53.90
October 2019	53.36	53.36
November 2019	53.27	52.24

(Source: Bloomberg, BGN).

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RISK MANAGEMENT 2

2.1 Internal control and risk management mechanisms

2.1.1 Objectives and procedure

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

The internal control procedures are mainly aimed at:

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

The delegation and internal control structure results from the overlaying of:

- 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 which centralises activity support and control resources Group-wide.

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.

2.1.2 Internal control procedures

Internal control is provided by the different governance bodies, at several levels:

Board of Directors

- as the **corporate body of the Group's parent company,** the Board takes decisions which go beyond the sole control of the Group's 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.

Executive Management Committees

The Group's major Managers are employees of S.I.T.I., the Pierre et Vacances SA holding, and are made available to the Group by S.I.T.I. as part of its management activities. As a result, they sit on the various decision-making bodies.

The rules of governance put in place ensure – amongst other things – that S.I.T.I. SA does not abuse its powers of control:

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

Corporate Departments

Several of the Group's cross-departmental divisions have internal control responsibilities (Internal Audit, the Finance Operations and Services Department, as well as the Legal, Insurance and Risk Management Departments and the Human Resources Department).

These corporate departments are centralised at the Group's Paris head office. Their responsibilities include:

- ensuring the correct application of the policies defined at the Group level and within the operational subsidiary and services departments;
- implementing shared actions on behalf of the subsidiaries and departments (e.g. risk hedging, contract preparation and approval, recording of accounting transactions, collective work agreement preparation, etc.);
- assisting operational employees, at their request.

Composition and roles of the Executive Management Committees

Group Executive Management Committee (CDG)

- Four members: the Chairman, the Chief Executive Officer, the Deputy Chief Executive Officer and the Chief Executive Officer Tourism.
- Weekly meetings.
- The Committee decides on the strategic guidelines that need to be implemented to enhance the Group's growth and operational performance (such as major financial balances, consolidated risk management, brand strategy, product segmentation, the geographical distribution of the development zones for the various brands, the human resources policy, etc.) and it drives internal synergies.
- 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)

- 17 members (members of the Group Executive Management Committee and the main operational and functional Directors) as at the date this Universal Registration Document was filed.
- Monthly meetings.
- The Group Executive Committee steers the implementation of strategic plans and discusses the major operational initiatives required to enhance the Group's growth and performance.

Board of Management and Supervisory Board of Center Parcs Europe

- One member (Chief Executive Officer of Center Parcs Europe) for the Board of Management; three members for the Supervisory Board (one of which is not an executive of the Group).
- The Supervisory Board generally meets four times a year.
- The Board of Management is required to comply with the instructions issued by the Supervisory Board in terms of the Company's financial, social and economic strategy.
- The specific role of the Supervisory Board is to oversee, consult with and advise the Board of Management. It also oversees the general conduct of business.

Tourism Committee

- Nine members: the Group Tourism Chief Executive Officer, the Chief Executive and Deputy Chief Executive Officers of Center Parcs Europe, the Chief Executive Officer of Pierre & Vacances Tourisme, the Commercial & Digital Director (Chief Executive Officer of Center Parcs Europe, the Director of Operational 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).
- Monthly meetings.
- The committee decides on the initiatives necessary to enhance the growth and performance of the Tourism business.

The Property Development Committee France

- Seven members: the Group Chairman and Chief Executive Officer, the Chief Executive Officer of Pierre & Vacances Développement and of Pierre & Vacances Conseil Immobilier, the Development Director, the Director of the Cash/Financing department and one Director representing the Tourism business.
- Meetings every three weeks.
- The committee is responsible for launching and monitoring property development programmes in France (studies, marketing, construction starts, issues related to construction progress, sales formulae, potential disputes, etc.).

France Development Committee

- Four members: the Group Chairman, the Chief Executive Officer and Deputy Chief Executive Officer and the Development Director.
- Weekly meetings.
- Decides on development projects in France.

International Development Committee

- Seven members: the Executive Management Committee, the Development Director, the CEO of Real Estate Development and Construction, and the CEO of Center Parcs Europe.
- Bi-monthly meetings.
- Reviews the property disposal and renovation operations on Center Parcs in the Netherlands, Belgium and Germany.

Adagio Development Committee

- Includes representatives of the Pierre & Vacances-Center Parcs Group (the Chairman and Chief Executive Officer, the Chief Executive Officer for Tourism and the Development Director) and Accor (the Chief Executive Officer for Hotel Development and their Deputy Chief Executive Officer).
- Monthly meetings.
- Reviews all Adagio development projects.

Les Senioriales Strategic Committee

- Two members: Group Pierre & Vacances-Center Parcs Chairman and the Chaiman and CEO of Les Senoriales.
- Provides updates on the business activity and on current projects, and authorises land purchases.

2.2 Risk factors

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.

The Group risk matrix, shown below, is a management tool for controlling risks. It lists risks by importance and probability of occurrence.

IMPACTS OF RISKS			
HIGH	• Failure to obtain administrative authorisations		
	• Cyber-attack • Risk of bodily harm • Liquidity risk • Stock risk	• Ongoing property crisis • Significant rents increase	• Climate risk • Regulatory risk • Reputational risk • Competition risk
	• Fraud • Credit risk	• Business failure of a strategic partner • Talent management	• Tourism business seasonality
		PROBABILITY INDEX	HIGH

2.2.1 Risks related to the Group's activities

2.2.1.1 Reputational risks

Description of the risk

These risks are considered to be significant in the tourism business, as well is in that of property marketing and new project development.

Reputational risk is becoming increasingly important given the evolution of the regulatory environment (e.g. duty of care, strengthening of environmental protection rules) and the expectations of society at large.

For the Group, the risk factors are primarily related to the safety of customers and employees, to customer satisfaction with product and service quality, to ethics and to the corporate, societal and environmental responsibility of the company.

Potential impact on the Group

- Impact on bookings related to the Group's reputation and image, notably on social networks.
- Loyalty effect on lessor-owners and investors.
- Impact on the local acceptance of projects under development which could prevent the granting of building and operating permits.

Risk management and mitigation

The quality of relationships with stakeholders (customers, owners, partners, local residents, suppliers, etc.) is key to managing these risks (see chapter 4 "Listening to our stakeholders").

The measures implemented by the Group are described in the chapters. They primarily cover:

- the analysis and management of customer satisfaction (tourism and lessor-owners) and the Group's reputation management policy for social networks (see chapter 4 "Customer satisfaction");
- the implementation of a special organisation to deal with any situation likely to endanger its personnel, its customers, its interests and/or its reputation (see chapter 4 "Health, safety");
- the local consultation policy within the framework of new development projects and involvement in local economic and social life (tourism partnerships, local employment) (see chapter 4 "Jointly building new projects with local partners and residents");
- the ethics policy with, notably, the implementation of a code of conduct (or code of ethics) and of an alert system (see chapter 4 "Ethical and responsible practices");
- the strengthening of service provider control measures (compliance with environmental regulations, human rights and labour rights) via the implementation of a vigilance plan (see Chapter 4, Vigilance plan).

2.2.1.2 Increased competition of digital platforms

Risk identification and description

The C2C platforms used to put private individuals in contact with each other, such as Airbnb and Abritel, have significantly expanded their lodging offering over the past years in major cities as well as at the seaside and in the mountains.

The significant growth in additional entry-level to luxury lodging, providing houses and flats combined with a services offering (recreation, concierge, etc.) may increase the competitive environment in which the Group operates.

Potential impact on the Group

The increased competition from these platforms could impact the occupancy rate of the Group's tourist sites and/or create price tensions.

Risk management and mitigation

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, etc.). This notably provides a way to attract customers from regions where the Group's commercial presence is insufficient, to develop new emerging markets or to expand occupancy in the tourist sites operated by the Group at the beginning and end of seasons.

C2C platforms (Airbnb and Abritel) also contribute to developing the name recognition of holiday rentals, which can benefit the Group.

The recent development of measures aimed at supervising the rental of furnished tourist properties, such as those stemming from the ALUR and Digital Republic laws, also help reduce processing inequalities between the platforms and tourism professionals, especially in terms of regulatory factors 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.

2.2.1.3 Ongoing property crisis in a key market

Risk identification and description

The Group's property development unit supports the development of its tourism offering. The Group's ability to grow and ensure the marketing of its property development offering can be impacted by:

- a lack of available properties (notably in France where the Group already has an extensive presence);
- appeals relating to building permits by associations or local residents;
- a loss of interest on the part of investors due to an unfavourable economic, tax and interest rate environment.

Potential impact on the Group

- Property development could slow due to the lack of available real estate in the target locations.
- The profitability of the property development activities could be impacted by the temporary interruption of projects being appealed.
- Some projects could be deferred due to property marketing difficulties (inventory risk).

Risk management and mitigation

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

- the diversification of investors with the development of property project financing by institutional investors in addition to sales to private individuals;
- the diversification of investors in different regions (British, German, Dutch, etc.);
- the diversification of the Group's locations (Northern and Eastern Europe and China);

- pre-sales constraints implemented by the Group prior to starting work to ensure limited inventory time for property and finished products. 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;
- a change in the business model, with the development of property disposal/renovation operations of existing Domaines Center Parcs.

2.2.1.4 Cyber attacks

Risk identification and description

The Group has implemented an in-depth digital transformation over the past several years. It began with the online booking system for its various brands and is continuing, leading to greater exposure to the risk of cyber attack and to risks resulting from the malfunction of IT systems, networks and telecommunications.

These systems condition the execution, processing, transmission and storage of the Group's operations and accounting and financial data.

They also handle communications with the Group's customers, suppliers and employees.

In addition, the new personal data protection regulations (GDPR) require quick adjustments to avoid any risk of non-compliance.

Potential impact on the Group

The potential impact resulting from a cyber attack and its effects depend on the type of attack:

- loss and/or theft of personal and confidential data and the resulting chain reaction;
- the failure of the main operational systems;
- the inability to carry out daily transactions.

Confronted with the growing threat of cybercrime, the Group is dedicating significant amounts to the maintenance and protection of its information systems.

Any significant breakdown or interruption of the information system, or any loss of sensitive data, could have a negative impact on the Group's normal business activities, notably the Tourism business, and have financial, operational or reputational consequences.

Risk management and mitigation

A formalised critical incident handling process has been implemented by the Information Systems Department.

The Group has a Disaster Recovery Plan (DRP) which is regularly tested so that applications identified as critical are able to restart within an acceptable time-frame, in case a major problem occurs affecting the systems.

2.2.1.5 Tourism business seasonality

Risk identification and description

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 Group's tourism business is based around two seasons: a winter season (November to April) which accounts for about 40% of the Group's annual revenue and a summer season (May to October), with the main activity in the summer season (the 4th quarter of the financial year alone accounts for over 35% of annual revenue).

This seasonality results in a structural deficit for the first half of the financial year.

Potential impact on the Group

Fewer stay sales during the high and very high seasons could negatively impact the Group's results.

In addition, depending on the destinations, the Group could also encounter difficulties recruiting seasonal staff, which could impact the promise made to customers and the quality of services.

Risk management and mitigation

The Group strives to decrease the seasonality of its business by:

- increasing foreign sales (partnerships with foreign tour operators, development of sales contracts for partner residences);
- boosting sales of stays outside of school holiday periods (selection of short stays for private individuals and professional 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 Domaines Center Parcs (all of which have covered facilities), which are open all year round.

The Human Resources Department works in close cooperation with the Operations Department to improve the recruiting process for seasonal seaside and mountain staff.

2.2.1.6 Business failure of a strategic partner/service provider

Description of the risk

The companies of the Pierre & Vacances-Center Parcs Group primarily interact with partners in the tourist distribution and e-commerce, bank financing and institutional investment and construction and public works sectors.

Potential impact on the Group

Non-compliance of a partner or co-contractor and, notably, of those who participate in a building project or a distribution contract could have a significant negative impact on the cost plans budgeted or on the expected revenue volumes.

Risk management and mitigation

The relationships agreed with the partner companies of the Group are selected according to the type and size of the contracts by the various operational departments of the Group in close cooperation with the Purchasing Department and the Legal Department.

The match between the type of commitments undertaken and the operational reliability and financial stability of the partner and their level of financial dependence are taken into account as part of the Group's responsible purchasing policy.

In addition, the companies of the Pierre & Vacances-Center Parcs Group strive to maintain commercial relationships with a range of partners in order to limit market concentration, as is notably the case for distribution, in addition to a dominant direct sales policy.

2.2.1.7 Talent management

Description of the risk

The Tourism sector has changed a great deal over the last few years, notably as a result of digitisation which has changed the way holidaymakers book, assess and recommend their holidays to their family and friends. In addition, their expectations in terms of lodging quality, cleanliness and service are increasing, which is why our teams and our organisation must evolve, improve and develop their business lines.

Potential impact on the Group

Given this context, if the Group were no longer able to attract and recruit new employees with the right skills, or if it were no longer able to hire and develop key staff, its reputation, business activities and results could be significantly impacted.

Risk management and mitigation

In order to manage these risks, the Group has implemented an HR policy intended to support the business throughout its transformation, changes and evolution. The policy is based on four pillars: appeal, recruitment, development and employee commitment.

The policy is based on a performance management process called the Talent Review, which is intended to identify, together with the managers, the key personnel in their teams, to prepare action plans to develop their skills, ensure their commitment or replace them.

With respect to appeal and recruitment, the Group has established a new employer brand platform, which emphasises the benefits for potential candidates of joining the group in terms of career development and professional challenges.

With respect to development, the Group has decided on an ambitious training policy intended to develop the customer service skills of its employees and enable them to develop new skills (agility, innovation, digital) to better meet the changes taking place in the Tourism sector.

In addition, the Group addresses the risk of skill, knowledge and expertise flight due to internal mobility or departure from the Group by implementing a succession plan for each key person, via their identification during their Talent Review. The succession plan can involve mentoring, training or transmission to a potential successor by identifying a scheduled departure date in advance.

Lastly, with respect to commitment, the Group has implemented a leadership training programme called BCORE, which enables managers to understand their new role as coaches and change agents. The Happy@Work programme is intended to assess and improve team commitment by working on their satisfaction and motivation at work.

2.2.1.8 Fraud

Risk identification and description

The Pierre & Vacances-Center Parcs Group is exposed to the risk of fraud due to the acceleration of its digitisation, its presence in several countries, and the rapid development of new forms of potential threats, including international hacker networks, viruses and others.

Potential impact on the Group

Any fraud or theft could result in a financial loss or the loss of confidential data.

Major fraud could harm the Group's reputation if it resulted in negative comments on social networks or in the media.

Risk management and mitigation

The Group has conducted awareness raising with the teams exposed to the risk of fraud and has strengthened its control system.

The Group has an experienced "communication and crisis" team.

2.2.2 Health, safety and environmental risks

2.2.2.1 Risk of bodily harm

Description of the risk

The Group hosts several million customers a year in its establishments where they enjoy recreational activities and food services as part of their stay. During these activities, customers and employees can be exposed to the risk of a domestic accident, an incident, infection, or poisoning.

Potential impact on the Group

The main effect will be suffered by the person in question and the Group can potentially be held liable in this respect. The Group's reputation and its image can also be negatively impacted by random incidents occurring within its establishments.

Risk management and mitigation

The Group must guarantee the safety of its customers and employees. For this purpose, the Group has implemented a prevention and safety policy based on several pillars:

- an upstream risk analysis intended to identify any potential dangers for customers and employees;
- a prevention policy as the driver for safety;
- awareness raising for all departments and employees with the shared goal of "risk management";
- ongoing verification and measurement of the effectiveness of the prevention and safety policy to ensure that it is understood and applied by all.

In addition, the Group has implemented a specific crisis management organisation to ensure the handling of any situation with the potential to endanger its employees, its customers, its interests and/or its reputation. This specific crisis management system consists of a dedicated, multi-disciplinary team headed by the Operational Risks Department.

2.2.2.2 Climate risks

Description of the risk

There are two types of risks related to climate change:

- physical risks resulting from damage caused by weather and climate phenomena (operating risks, material damage risks);
- transition risks resulting from the effects of the implementation of a low-carbon economic model (regulatory, tax and legal risks, market risks related to changes in demand).

Property development and tourism are among the sectors known to be particularly exposed to climate change risks (see the 2018 *Fédération Francaise de l'Assurance* study). The Group's activities are, therefore, impacted by changing climate and weather conditions over the short, medium and long term.

Potential impact on the Group

- Consequences for the conditions of stays, customer satisfaction and demand: summer comfort, snow conditions, presence of harmful species which could impact stay quality.
- Strengthening of environmental regulations and taxes: rules governing the energy performance of buildings, the carbon tax.
- Impact on the operating conditions and costs of the sites: increase in energy prices, rationing or increases in water prices in destinations experiencing water stress.
- Material consequences related to extreme events: the wide range of locations of operating sites enables a reduction in the potential impact of extreme climate events and natural catastrophes.

Risk management and mitigation

The risk of climate change and the Group's contribution to global warming is one of the major material challenges managed as part of the Group's CSR policy.

The measures taken to control and mitigate the risk are as follows:

- management of energy and water consumption via a road map with calculated objectives;
- bioclimatic design of new development projects, anticipation of new regulations;
- anticipation of the medium and long-term effects via: carbon assessment studies, mapping of the part of the activity subject to average or high water stress to design targeted action plans; study under way to assess the group's resilience with respect to the consequences of global warming.

2

2.2.3 Legal risks

2.2.3.1 Regulatory risks

Description of the risk

The Group's business activities in France and in Europe are governed by legal and regulatory business and real estate law systems, including those covering consumer and renter protection, which can change from time to time. This is the case of the European Directive of 25 November 2015, the so-called "package travel and linked travel arrangements" directive, which came into effect on 1 July 2018.

In addition, the Group is also impacted by the recent regulatory systems on compliance which include laws on the duty of vigilance, the General Data Protection Regulation (GDPR) and the law on transparency, the prevention of corruption and the modernisation of the economy, known as the Sapin II law.

Potential impact on the Group

Failure to anticipate new regulations could lead to an increase in financial expenses or limit the Group's activities.

In addition, non-compliance with these regulations could result in sanctions for the company or its employees. This could also harm the brand image and reputation of the Group.

Risk management and mitigation

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.

In addition, as part of its risk management policy, the Group has implemented an overall approach intended to strengthen measures to prevent corruption based on:

- the implementation of a code of conduct included in the Internal Regulations, with an inherent disciplinary sanctions policy;
- training for Company managers and the people who have the greatest exposure;
- the implementation of an internal warning system;
- the creation of a risk map specific to corruption risks;
- the establishment of a procedure to assess the situation of customers, leading suppliers and intermediaries;
- the setting up of an internal control and assessment system for the measures taken;
- the implementation of internal and external accounting controls.

Moreover, in view of the new regulatory requirements for the 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.

2.2.3.2 Failure to obtain administrative authorisations (stakeholders)

Description of the risk

As part of the process of launching new property development and significant renovation programmes, a number of prior authorisations are requested from the administrative authorities by construction/marketing companies which are subject to preparation, investigation, delivery and third-party appeal deadlines.

Potential impact on the Group

Potential appeals of the administrative authorisations can significantly hamper the progress of the property development programmes and expose the Group to significant commitment costs.

Risk management and mitigation

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.

2.2.4 Financial risks

2.2.4.1 Risk relating to rental commitments

Description of the risk

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.

Tourism Income generated by the leased apartments and houses 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 applicable in the respective country.

The Group is thus exposed to index variations.

Potential impact on the Group

A significant difference between growth on the rental reference indices and growth in revenue generated by the tourism operations would have a substantially negative impact on the Group's financial results.

Risk management and mitigation

At 30 September 2019, 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 or variable indexation in line with inflation or the rent reference index applicable in the country in which the assets are located.

2.2.4.2 Market risks

The market risks are described in Note 20 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, as it respects its covenants.

2.3 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 2018/2019 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.

2.4 Preparation of financial and accounting information

2.4.1 Organisation and role of the finance departments

Deputy Executive Management (DGA) handles essential internal audit missions for the development of financial and accounting information. 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.

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

2.4.1.1 Financial Strategy/Financing Department

This Department is organised into two segments:

Group Investor Relations, Strategic Operations, and M&A Department

- Management of all equity transactions with an impact on capital (capital increase, bond issues with an equity component, etc.).
- Management of merger/acquisition/disposal operations.
- Supervision of external financial communication to financial analysts, investors and shareholders.
- Control and approval of all financial information intended for the media, thereby ensuring the overall consistency of the financial information disseminated outside of the company.

Cash/Financing Department

- Structures Group financing and hedges it using rate 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 business between banks, organises the Group's invitations to tender and ensures the consistency of information published in its scope of activity.

2.4.1.2 Finances, Operations and Services Department

This Department has four main segments:

Tourism Operational Finance Department

- 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.
  - Management of the budgeting process, business forecasts and medium-term operating profit (loss).
- Assistance to operational staff for all financial subjects (simulations, calculations-pricing policy, special shares, etc.).
- Assistance for development issues (business plans, financial profitability simulations for new and renovated property programmes), for the renewal or creation of leasing formulae and for the reorganisation and optimisation of the operational activities.
- Active participation in designing and implementing new front- and back-office tools.

Property Development Finance Department

- Preparation of accounting information; leads and measures the economic performance of the Group's Property Development business.
- Financial monitoring of projects (expense commitments, works progress, etc.).
- Implementation of the financial goals of the Group and of each of the property development and marketing activities, controls and measures their implementation via the proposal and reporting of actions.

Tourism/Holdings Accounting and Financial Systems Department

Tourism/Holdings Accounting Department:

- Preparation of financial statements, coordination and control of accounting applications and procedures in close cooperation with management control, internal audit, operations control and the consolidation department for each "organisational sub-group". Accounting closes are carried out every month for all brands.

- Support for operational staff for the supply of financial information and participation in the implementation of administrative and commercial tools.
- Financial management of owners and joint owners.
- Sales administration (invoicing, collections, customer account, litigation and reimbursements management).

Transformation and Financial Systems Department

- Project management assistance for the information tools/systems required by the operations and financial departments.

Corporate Finance Department

Tax Department

- Supervises and coordinates the Group's specific tax policies in each of the countries where it operates.
- Participates in tax structuring, with the support of tax advisers, in terms of development for both property projects and tourism operations.
- Advice and assistance to the Operational Departments for all transactions involving tax law.
- Tax monitoring for changes in tax law and, in this context, supervision of the implementation of new regulations in Group entities (example: "BEPS" regulations).

Consolidation Department

- Preparation, analysis and reporting on the Group's consolidated financial statements, established using the IFRS in force.
  - BEFORE each consolidation phase, preparation and transmission by the Consolidation department of precise instructions for the subsidiaries, including a detailed schedule.
  - Preparation and analysis of the consolidated financial statements based on accounting and management information that is passed on to 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.
- Standards monitoring and determination of the impact of the first application of new standards with the support of its advisers when required.
- Implementation of Group impairment tests.

2.4.1.3 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 on a case-by-case basis with Group Internal Auditing and Operating Control in financial audit tasks, and also in 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.

The selection of the sites to be audited is decided by Group Internal Audit based on the typology of the site (a village involves more risks than a small residence), the specific requests of General Management, as well as randomly. Center Parcs Villages are subject to a more intense programme due to their unit volume of activity: a complete audit is conducted every three years at most, followed by a second audit within six months and a "mystery visit" by Group Internal Audit or, if required, by a specialised company. The visits can be preventive in nature or be initiated by suspected fraud. In addition, since early April 2018, an Internal Auditor has been dedicated to Pierre & Vacances Tourisme sites, 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 managers of the sites audited and follow-up assessments of the implementation of recommendations are performed within a maximum of six months of the initial audit.

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.

2.4.1.4 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);
- lease renewals.

2.4.1.5 Development Department

This Department is responsible for:

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

2.4.2 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 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 business lines 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 the Executive Management Committee, 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 regular monitoring, the Finances, Operations and Services Department provides **reporting tools** suited to each business line which are analysed during the monthly operational reviews and forwarded to the Executive Management Committee.

- Weekly monitoring of tourism bookings enables the General Tourism Department, the General Sales Department and the Business Lines to optimise the sales policy and yield management, and allows operators to adapt the organisation of operating sites in line with occupancy forecasts.
- The monthly report on site results is compared with monthly budgets and the 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 reports are examined with General Management, notably marketing expenses (network and private advisers), marketing expenses and general overheads.

CORPORATE GOVERNANCE 3

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 13 December 2019. This report will be presented to the shareholders at the next annual Shareholders' Ordinary Meeting, to be held on 5 February 2020.

3.1 Administrative and management bodies

3.1.1 Composition of the Board of Directors

3.1.1.1 Composition on 30 September 2019

At 30 September 2019, the Pierre et Vacances SA Board of Directors was made up of twelve members, four of whom qualified as independent directors according to the criteria of the AFEP-MEDEF Code. The Board had a balanced representation of men and women.

At its meeting of 18 July 2019, the Board of Directors made official the resignation of Mr Olivier Brémond as Chief Executive Officer, and decided to appoint Mr Yann Caillère as the new Chief Executive Officer (non-director role), with effect from 2 September 2019.

Director	Nationality	Date of birth	Gender	Term start date	Date of most recent renewal	Term end date	Independent director[1]	Member of Board Committees	Number of Company shares held
Gérard Brémond, *Chairman of the Board of Directors*	French	22/09/1937	M	03/10/1988	07/02/2019	Shareholders' Ordinary Meeting to approve the 2021 financial statements	-	-	10
Olivier Brémond *Director*	French	03/10/1962	M	10/07/1995	07/02/2019	Shareholders' Ordinary Meeting to approve the 2021 financial statements	-	-	10
S.I.T.I. SA Represented by Patricia Damerval	French	28/04/1964	F	10/10/2005	07/02/2019	Shareholders' Ordinary Meeting to approve the 2021 financial statements	-	-	4,883,720 7,312[2]
Andries Arij Olijslager	Dutch	01/01/1944	M	06/10/2008	07/02/2019	Shareholders' Ordinary Meeting to approve the 2021 financial statements	Yes	Audit Committee	500
Delphine Brémond	French	14/07/1966	F	02/12/2008	07/02/2019	Shareholders' Ordinary Meeting to approve the 2021 financial statements	-	-	10
Martine Balouka-Valette	French	19/11/1951	F	02/12/2014	07/02/2019	Shareholders' Ordinary Meeting to approve the 2021 financial statements	-	-	5,832[3]
Annie Famose	French	16/06/1944	F	04/02/2016	07/02/2019	Shareholders' Ordinary Meeting to approve the 2021 financial statements	-	Audit Committee	20
Bertrand Meheut	French	22/09/1951	M	04/02/2016	07/02/2019	Shareholders' Ordinary Meeting to approve the 2021 financial statements	Yes	CRN[4]	40
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	CRN[4]	25
Jean-Pierre Raffarin	French	03/08/1948	M	09/02/2018	-	Shareholders' Ordinary Meeting to approve the 2020 financial statements	Yes	-	10
Léo Brémond	French	30/06/1999	M	31/12/2018	07/02/2019	Shareholders' Ordinary Meeting to approve the 2021 financial statements	-	-	10

(1) The criteria set out in the AFEP-MEDEF Code are used to determine whether or not a director is independent. 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) Including 369 category A preference shares.
(3) Including 738 category A preference shares.
(4) Remuneration and Appointments Committee.

Family ties between the directors: Ms Delphine Brémond and Mr Olivier Brémond are the children of Mr Gérard Brémond. Ms Alma Brémond and Mr Léo Brémond are the grandchildren of Mr Gérard 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 of 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 with 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.

At the time of writing this Universal Registration Document, no executive or non-executive corporate officer was bound to the Company, or to any of its subsidiaries, by a service agreement.

3.1.1.2 Changes to the composition of the Board of Directors in 2018/2019

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

- the appointment, with effect from the end of the Board meeting of 20 November 2018, of Ms Patricia Damerval as permanent representative of S.I.T.I. SA on the Pierre et Vacances Board of Directors, to replace Mr Thierry Hellin;
- the resignation with effect from the end of the Board meeting of 20 November 2018, of Mr Ralf Corsten and the company G.B. Développement SAS.

On 31 December 2018, the Chairman of the Board of Directors, under a delegation of authority granted by the Board of Directors at its meeting of 19 December 2018, noted (i) the effective resignation on 31 December 2018 of Mr Ning Li and Mr Gérard Houa as directors and (ii) the effective co-optation on the same date of Mr Léo Brémond as director, to replace Mr Ning Li.

The Shareholders' Ordinary Meeting of 7 February 2019 renewed the terms of office of Mr Gérard Brémond, Mr Olivier Brémond, Mr Andries Arij Olijslager, Mr Bertrand Meheut, Mr Léo Brémond, Ms Delphine Brémond, Ms Martine Balouka-Vallette, Ms Annie Famose and the company S.I.T.I.

3.1.1.3 Changes to the composition of the Board of Directors since 1 October 2019

On 14 October 2019, the Board of Directors:

- made official the resignation of Mr Olivier Brémond (which took place on 1 October 2019) as director and decided to co-opt Mr Yann Caillère to replace Mr Olivier Brémond, with effect from 14 October 2019 and for the remainder of his term of office, i.e. until the end of the Shareholders' Ordinary Meeting held to approve the financial statements for the financial year ended 30 September 2021;
- made official the appointment of Mr Olivier Brémond (which took place on 1 October 2019) as permanent representative of S.I.T.I. SA on the Pierre et Vacances Board of Directors, to replace Ms Patricia Damerval, who resigned on 30 September 2019;
- made official the resignation of Ms Martine Balouka-Vallette (which took place on 30 September 2019) as director and decided to co-opt Ms Marie-Christine Huau to replace Ms Martine Balouka-Vallette, with effect from 14 October 2019 and for the remainder of her term of office, i.e. until the end of the Shareholders' Ordinary Meeting held to approve the financial statements for the financial year ended 30 September 2021.

At the time of writing this Universal Registration Document, the Board of Directors still had twelve members, including five independent directors and five women.

3.1.1.4 Proposed changes to the composition of the Board of Directors to go before the Shareholders' Ordinary Meeting of 5 February 2020

At its meeting of 5 February 2020, the Shareholders' Ordinary Meeting will have to decide on:

- the renewal of the term of office of Ms Alma Brémond and Ms Amélie Blanckaert;
- ratification of the appointment by co-optation of Mr Yann Caillère and Ms Marie-Christine Huau.

3

3.1.2 Directors in office on 30 September 2019

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) on 30 September 2019:

- 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:

- Director of Lepeudry et Grimard, until 31 August 2018

Olivier BRÉMOND

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

Expertise: Olivier Brémond was Chief Executive Officer of the Pierre & Vacances-Center Parcs Group from 3 September 2018 to 2 September 2019. 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. Since 2 September 2019, Olivier Brémond has been Deputy CEO of S.I.T.I. responsible for strategy and investment at S.I.T.I. Group.

Terms of office in other companies (outside the Pierre & Vacances-Center Parcs Group) on 30 September 2019:

- Deputy Chief Executive Officer (director) of Société d'Investissement Touristique et Immobilier – S.I.T.I. SA

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

- Director of Kisan Inc. (United States) until April 2019

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) on 30 September 2019:

- 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 at 30 September 2019:

- 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 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 at 30 September 2019:

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

Martine BALOUKA-VALLETTE, *Chief Executive Officer for 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 at 30 September 2019:

- Chair of Société des Commerces Touristiques SCT
- 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, and of Dunette Holding SAS and La Ferme SAS
- Manager of Le Yak SARL and Le Village des Enfants SARL
- General Manager of LDV SCI, Brémond Lafont-SFD SCI, LR SCI, Kiwi SCI, David SCI, ST Invest SCI, Fina SCI and Sarah 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 Skiset Finances-SKF SARL
- General Manager of Sport Boutique 2000 SARL
- General Manager of La Panèterie EURL
- Chair of Skishop SAS

Bertrand MEHEUT

Business address: 4, rue de Franqueville – 75116 Paris

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 at 30 September 2019:

- Chairman of the PMU Board of Directors
- Director of Edenred (a listed company)
- Director of Aquarelle.com
- Director of Ly&Lo

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)

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), and of the HEC business school in Paris (Master in Entrepreneurship). Alma Brémond founded the company GoBox.

Terms of office in other companies at 30 September 2019:

- Chair of GoBox SAS

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 at 30 September 2019:

- 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 special representative for China and Chairman of the Leaders Pour la Paix foundation. He is a graduate of the Ecole Supérieure de Commerce business school in Paris.

Terms of office in other companies at 30 September 2019:

- Director of Plastic Omnium Holding (Shanghai)

Léo BRÉMOND

Expertise: After obtaining a degree in sports management in May 2018 and an economics degree in September of the same year, Léo Brémond is continuing his studies at New York University.

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

3.1.3 Information about directors whose co-optation requires ratification

Yann CAILLÈRE, *Chief Executive Officer*

Term start date: 2 September 2019 as Chief Executive Officer and 14 October 2019 as director

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

Date of birth: 5 August 1953 – French nationality

Number of Company shares held: 12,500

Expertise: Yann Caillère began his career at Pullman. From 1995 onwards, he held a series of positions in succession at Disneyland Resort Paris: CEO for luxury accommodation and conventions, Deputy Chair of Hotel Management, CEO in charge of operations, then Deputy CEO. In 2004, he was appointed Chairman of the Louvre Hotels Group. In 2006, he joined the Accor Group as CEO for Europe, the Middle East and Africa Hotels and of Sofitel Monde. In August 2010, he was appointed Deputy CEO in charge of global operations and, in 2013, he was briefly CEO of the Accor Group. From 2014 to 2016, Yann Caillère was CEO of the Spanish group, Parques Reunidos. In early 2016, he set up his hotel and leisure consultancy company. Yann Caillère is a graduate of the Ecole Hôtelière in Thonon-les-Bains.

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

- Deputy Chief Executive Officer (non-director) of Société d'Investissement Touristique et Immobilier – S.I.T.I. SA
- Chairman of Yann Caillère Consulting SAS
- Chairman of Qbic Hotels
- Director of Le Duff Group
- Member of the Supervisory Board of Basilique Hospitality SAS
- Director of Trois G SAS

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

- CEO of Parques Reunidos, up to March 2016
- Director of Compagnie du Ponant, up to August 2018
- Director of Hôtels Kempinski, up to June 2018

Marie-Christine HUAU

Term start date: 14 October 2019

Business address: 30, rue madeleine Vionnet – 93300 Aubervilliers

Date of birth: 20 January 1965 – French nationality

Number of Company shares held: 20

Expertise: With experience in French and international large state bodies and large private groups, Marie-Christine Huau has been championing the environment, water management, water environments, the sea and the coast for over 30 years. She began her career at the Australian Institute of Marine Science. In 1988, she joined SAUR (Bouygues subsidiary), where she held consecutive roles in engineering, *export chargée d'affaires* and R&D management. From 2003 to 2007, she worked at Ifremer as Head of development and industrial partnerships. In 2007, she joined the Veolia Group, where she is Head of the large water cycle market, environment and coast. Marie-Christine Huau graduated from the French national Institute of Agronomy, Paris-Grignonin in agronomic engineering, and is also a graduate of the French Institute of Management. She was elected chair of the AgroParisTech Alumni association.

Ms Marie-Christine Huau does not hold a term of office in any other company.

3.1.4 Diversity policy applicable to 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 continues to work to improve diversity and ensure that it has a broad range of skills and experiences to draw upon. At the same time, it strives to maintain a balanced representation of men and women and a proportion of independent directors that complies with the AFEP-MEDEF Code.

At the time of writing this Universal Registration Document, there were five women on the Board of Directors, more than the 40% minimum required by the provisions of the French Commercial Code. Furthermore, five out of twelve directors qualified as independent, exceeding the rate of a third recommended by the AFEP-MEDEF Code.

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;
- directors appointed more recently from different backgrounds.

3.1.5 General Management

On 3 September 2018, the roles of Chairman of the Board of Directors and Chief Executive Officer were separated.

Since this date, Gérard Brémond has been Chairman of the Board of Directors.

Yann Caillère has been Chief Executive Officer since 2 September 2019.

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, Yann Caillère 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 2019, the Group Executive Management Committee had four members: the Chairman of the Board of Directors, the Chief Executive Officer, the Group Deputy Chief Executive Officer 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 27 of this Universal Registration Document).

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

3.1.6.1 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 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.
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.	As the Chairman of the Audit Committee is a non-resident, the Audit Committee meeting is, generally speaking, held on the evening prior to the Board of Directors' meeting. Members of the Audit Committee do, however, have access to all of the documents and disclosures required for them to perform their duties within deadlines allowing them to satisfactorily familiarise themselves with, and examine, such documents and disclosures.
Remuneration 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.	Mr Gérard Brémond owns 49.81% of issued capital *via* his asset holdings. Mr Yann Caillère holds 12,500 Pierre & Vacances shares. Furthermore, neither Mr Gérard Brémond nor Mr Yann Caillère are allocated options or performance shares.

3.1.6.2 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 seven 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	100%		
Patricia Damerval, *Representative of S.I.T.I.*	100%		
Andries Arij Olijslager	85.71%	100%	
Delphine Brémond	71.43%		
Martine Balouka-Valette	85.71%		
Annie Famose	100%	100%(1)	100%(1)
Bertrand Meheut	100%		–(2)
Alma Brémond	100%		
Amélie Blanckaert	100%		–(3)
Jean-Pierre Raffarin	100%		
Léo Brémond	100%(4)		

(1) Ms Annie Famose was a member of the Remuneration and Appointments Committee until 19 December 2018, and has been on the Audit Committee since 19 December 2018.
(2) Mr Bertrand Meheut was appointed Chairman of the Remuneration and Appointments Committee on 19 December 2018.
(3) Ms Amélie Blanckaert was appointed Chairman of the Remuneration and Appointments Committee on 19 December 2018.
(4) Mr Léo Brémond's term of office as director took effect on 31 December 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 2018/2019 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.

The Chairman organises and directs the debates. He makes sure that all of the points on the agenda are examined by the Board.

3.1.6.3 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 27 May 2019, 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 reviewing the yearly and half-yearly financial statements and regularly reviewing the business activity and results of the tourism and property development businesses, the main focus areas of the Board of Directors included property transactions, property developments, the issue of preference shares and corporate governance (allocation of directors' attendance fees, self-assessment of the Board of Directors, resignation of directors, co-optation of a director, modification of the Board's Internal Regulations and the appointment of Mr Yann Caillère 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 over 75 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 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 2019, the annual assessment, which was carried out using a questionnaire, was discussed at the Board of Directors meeting of 25 November 2019. During this meeting, the directors confirmed they were happy with the operation of the Board and its Committees.

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 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 report 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 2018/2019 financial year, the Audit Committee met twice (in November 2018 and May 2019), to examine the 2017/2018 financial statements and the half-yearly financial statements at 31 March 2019.

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 matter submitted to it by the Chairman or the Board of Directors regarding the remuneration of executives and the composition of the Board of Directors.

The Remuneration and Appointments Committee met once in the 2018/2019 financial year. During this meeting, the Committee worked on the variable remuneration of eligible employees and on the remuneration of the Chairman and Chief Executive Officer.

3.2 Remuneration of executives and members of the Board of Directors

3.2.1 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 47 of this Universal Registration Document.

For the years ended 30 September 2019 and 30 September 2018, 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 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 (up to 2 September 2019), Yann Caillère (from 2 September to 30 September 2019), Patricia Damerval, Thierry Hellin (up to 31 December 2018), 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 Olivier Brémond, the variable bonus for 2018/2019 amounts to €40,000 gross. For the other members (with the exception of Gérard Brémond, who does not benefit from a variable remuneration for 2018/2019), the variable bonus for 2018/2019 relates to the achievement of a positive consolidated Group net result for 10% of the bonus, financial criteria for 40% (as the achievement of a Tourism EBIT or Group financings) and personal non-financial objectives for 50%. 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.

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

(in €)	Financial year 2018/2019	Financial year 2017/2018
Gérard Brémond, Chairman of the Board of Directors		
Remuneration payable for the financial year	501,948	552,340
Value of options granted during the financial year	-	-
Value of performance-related shares granted during the financial year	-	-
TOTAL	**501,948**	**552,340**
Yann Caillère, Chief Executive Officer since 2 September 2019		
Remuneration payable for the financial year	40,278	NA
Value of options granted during the financial year	-	NA
Value of performance-related shares granted during the financial year	-	NA
TOTAL	**40,278**	**NA**

3.2.1.2 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
Yann Caillère, Chief Executive Officer	No	No	No	No

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

(in €)	Remuneration in 2018/2019 payable for the financial year	Remuneration in 2018/2019 paid during the financial year	Remuneration in 2017/2018 payable for the financial year	Remuneration in 2017/2018 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
Special remuneration	-	-	-	-
Attendance fees	-	-	-	-
Benefits in kind	1,948	1,948	1,940	1,940
TOTAL	**501,948**	**501,948**	**552,340**	**573,940**
Yann Caillère, Chief Executive Officer				
Fixed remuneration	40,278	40,278	NA	NA
Variable remuneration	-	-	NA	NA
Special remuneration	-	-	NA	NA
Attendance fees	-	-	NA	NA
Benefits in kind			NA	NA
TOTAL	**40,278**	**40,278**	**NA**	**NA**
Patricia Damerval, Deputy CEO				
Fixed remuneration	437,500	437,500	400,000	400,000
Variable remuneration	180,000	144,000	144,000	160,000
Special remuneration	-	-	-	-
Attendance fees	-	-	-	-
Benefits in kind	31	31	35	35
TOTAL	**617,531**	**581,531**	**544,035**	**560,035**
Martine Balouka-Vallette, Chief Executive Officer for Tourism business				
Fixed remuneration	470,000	470,000	470,000	470,000
Variable remuneration	162,000	162,000	162,000	180,000
Special remuneration	-	-	-	-
Attendance fees	-	-	-	-
Benefits in kind	4,566	4,566	4,570	4,570
TOTAL	**636,566**	**636,566**	**636,570**	**654,570**
Olivier Brémond, Chief Executive Officer until 2 September 2019				
Fixed remuneration	467,777	467,777	38,889	38,889
Variable remuneration	40,000	-	-	-
Special remuneration	-	-	-	-
Attendance fees	-	27,500	27,500(1)	-
Benefits in kind	31	31	3	3
TOTAL	**507,808**	**495,308**	**66,392**	**38,892**
Thierry Hellin, Deputy Chief Executive Officer until 31 December 2018				
Fixed remuneration	148,409	148,409	400,000	400,000
Variable remuneration		80,000	80,000	160,033
Special remuneration(2)	-	-	-	-
Attendance fees	-	-	-	-
Benefits in kind	2,041	2,041	8,170	8,170
TOTAL	**150,450**	**230,450**	**488,170**	**568,203**

(1) Gross amount before tax in compliance with the applicable legislation, in respect of the work 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) Following his resignation as Deputy CEO, a termination benefit in the amount of €318,308 was granted to Thierry Hellin.

3.2.1.4 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 2019 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 2019/2020 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 term of office 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 5 February 2020 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;
- a variable gross remuneration 400,000 euros (representing a maximum of 80% of the fixed remuneration) if the objectives are 100% reached, and linked for 80% of the variable premium to the Group's performance indicators and the quantified objectives of the Group strategic plan, and for 20% of the variable premium to (i) the strategic vision and the identification of fresh sources of growth, (ii) customer experience, (iii) the human resources policy, and (iv) sustainable development, with the reminder that the payment of this remuneration is subordinated to its approval by the Annual General Meeting due to decide on the accounts for the 2019/2020 financial year.

The elements specific to each of the above-mentioned criteria and defined by the Board of Directors are not made public for confidentiality reasons necessary to preserve the interests of the Group.

Long-term remuneration:

The Board of Directors meeting of 13 December 2019, as recommended by the Remuneration and Nominations Committee, approved the principle of an extension to the Chief Executive Officer of a bonus share attribution plan set to be implemented during 2019/2010 (subject to approval of the attribution authorisation by the AGM of 5 February 2020), considering that this incentive mechanism is suited to the CEO's position as an executive director under the framework of the implementation of the strategic plan.

The main characteristics of the bonus share attribution from which the Chief Executive Officer could benefit are the following:

- cap on attributable bonus shares: (i) in value terms, 80% of the fixed component of the CEO's remuneration, and (ii) in quantity terms, 5% of the total number of bonus shares attributed to the Group's employees during a same year;
- share of bonus shares attributed and definitively acquired that the CEO is obliged to retain in registered form until the end of his mandate: 30%;
- pledge to not use risk hedging operations for the bonus shares attributed until the end of the conservation period;
- ambitious performance conditions in line with the Group's performance indicators and the Group's strategic plan;
- condition of presence, with the Board of Directors nevertheless having the ability (barring revocation for a fair reason), at the time of the CEO's departure, to decide to maintain all or some of the performance shares not definitively acquired in view especially of the departure terms and the CEO's effective contribution to the Group's performance.

The CEO benefits from no other long-term remuneration elements.

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 Yann Caillère does not receive the following remuneration components in respect of his term of office 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 Yann Caillère.

The Shareholders' Ordinary Meeting of 5 February 2020 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 special components of the total remuneration and all benefits presented in this report and payable to Mr Yann Caillère, in his capacity of Chief Executive Officer."

3.2.1.5 Presentation of the fixed, variable and special remuneration comprising the total remuneration and all benefits in kind payable for the 2018/2019 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 2018/2019 financial year complies with the remuneration policy approved by the Shareholders' Ordinary Meeting held on 7 February 2019 pursuant to Article L. 225-37-2 of the French Commercial Code and presented on page 40 of the 2017/2018 Registration Document.

Pursuant to the provisions of Article L. 225-100 of the French Commercial Code, the Shareholders' Ordinary Meeting to be held on 5 February 2020 will be asked to vote on a draft resolution on the remuneration components payable in respect of the 2018/2019 financial year to Gérard Brémond, Chairman of the Board of Directors.

The components of this remuneration payable for the 2018/2019 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
Benefits in kind	1,948	

The Shareholders' Ordinary Meeting of 5 February 2020 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 2018/2019 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."

3.2.1.6 Presentation of the fixed, variable and special remuneration comprising the total remuneration and all benefits in kind payable for the 2018/2019 financial year to Olivier Brémond, in respect of his term of office until 2 September 2019 (*ex-post* vote on remuneration)

The remuneration payable to Gérard Brémond in respect of the 2018/2019 financial year complies with the remuneration policy approved by the Shareholders' Ordinary Meeting held on 7 February 2019 pursuant to Article L. 225-37-2 of the French Commercial Code and presented on page 40 of the 2017/2018 Registration Document.

Pursuant to the provisions of Article L. 225-100 of the French Commercial Code, the Shareholders' Ordinary Meeting to be held on 5 February 2020 will be asked to vote on a draft resolution on the remuneration components payable in respect of the 2018/2019 financial year to Olivier Brémond, Chief Executive Officer up to 2 September 2019.

The components of this remuneration payable for the 2018/2019 financial year are as follows:

Remuneration components paid or allocated in respect of the previous financial year	Amounts *(in €)*	Comments
Fixed remuneration	467,777	Annual remuneration (vs prorate in FY 2017/2018)
Variable remuneration	40,000	Pursuant to the objectives set for 2018/2019 and actual achievements recorded on 30 September 2019, variable remuneration represents 20% of the variable portion approved by the Shareholders' Ordinary Meeting held on 7 February 2019
Benefits in kind	31	

The Shareholders' Ordinary Meeting of 5 February 2020 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 2018/2019 financial year and up to 2 September 2019 to Olivier 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."

3.2.1.7 Remuneration of other 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 2018/2019 financial year, the rules for the allocation of attendance fees adopted by the Board of Directors at its meeting of 14 October 2019 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 2018/2019 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 2018/2019(1)	Remuneration allocated for 2017/2018(1)
Ralf Corsten(2)		
Attendance fees	NA	34,000
Other remuneration	NA	-
Delphine Brémond		
Attendance fees	25,000	30,000
Other remuneration	-	-
Andries Arij Olijslager		
Attendance fees	33,000	33,000
Other remuneration	-	-
Annie Famose		
Attendance fees	33,000	33,000
Other remuneration	-	-
Bertrand Meheut		
Attendance fees	30,000	30,000
Other remuneration	-	-
Ning Li(3)		
Attendance fees	NA	30,000
Other remuneration	NA	-
Gérard Houa(4)		
Attendance fees	NA	30,000
Other remuneration	NA	-
Alma Brémond		
Attendance fees	30,000	30,000
Other remuneration	-	-
Amélie Blanckaert		
Attendance fees	30,000	30,000
Other remuneration	-	-
Jean-Pierre Raffarin		
Attendance fees	30,000	20,000(5)
Other remuneration	-	-
Léo Brémond(6)		
Attendance fees	22,500	NA
Other remuneration	-	NA
TOTAL	**233,500**	**300,000**

(1) Amounts are before tax and withholdings at source in accordance with applicable legislation.
(2) The term of office as director of Ralf Corsten ended at the close of the meeting of the Board of Directors held on 20 November 2018.
(3) Ning Li's term of office as director ended on 31 December 2018.
(4) Gérard Houa's term of office as director ended on 31 December 2018.
(5) Total maximum amount of €20,000 in view of taking up the term of office as director on 9 February 2018.
(6) Total maximum amount of €22,500 in view of taking up the term of office as director on 31 December 2018.

3

3.2.2 Share options and bonus shares

3.2.2.1 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 generally subject to performance-related conditions (with the exception of two plans, see table on pages 60 and 61);
- 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 that 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 has expired;
- in accordance with Internal Regulations, corporate officers are required to respect closed periods covering (i) the 30 calendar days prior to the date 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 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.

3.2.2.2 Share option plans

History of share subscription option plans

At 30 November 2019, 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 Company employees granted the largest number of share options	7,150	51,000	1,000
Number of shares that may be subscribed for by members of the Board of Directors (who are still members at 30/09/2019)	/	8,000	/
of which:			
Patricia Damerval		*4,000*	
Martine Balouka-Valette		*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 subscribed for at grant date	28,000	16,500	46,875	38,375	5,000	222,500
Number of shares that may be subscribed for 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 members of the Board of Directors (who are still members at 30/09/2019)	8,000	/	8,000	8,000	/	35,000
Of which:						
Patricia Damerval	*4,000*		*4,000*	*4,000*		*35,000*
Martine Balouka-Valette	*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	5,000	107,500
Total number of options outstanding at the end of the financial year	/	/	/	/	/	115,000

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

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

None.

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

None.

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

None.

3.2.2.3 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 30/09/2019)	10	3,000	3,000	25,000
Of which:				
Patricia Damerval	*5*	*1,500*	*1,500*	*5,000*
Martine Balouka-Valette	*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	2 years	2 years	2 years	2 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.

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
/	/	26,000	/	/	/	/	1,107	/	/
		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	01/01/2017	01/01/2017	09/02/2018	09/02/2018	18/04/2019
2 years	2 years	2 years	2 years	2 years	2 years	2 years	2 years	2 years	2 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	130
640	6,575	84,584[6]	6,162[6]	7,189[6]	5,674[7]	1,900[7]	1,476[8]	1,366[8]	667[9]

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

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

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

(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.

(9) At its meeting of 18 April 2019, the Board of Directors carried out the final allocation of the preference shares in view of the attendance conditions.

(10) Given that the characteristics of the preference shares attributed as part of the 2016 and 2017 Plans have proven to be unsuitable to the market and its development, the AGM of 5 February 2020 will be asked to decide on their modification in accordance with the incentive and loyalty objectives on which the Group's incentive policy is based (see below).

3

At its meeting on 13 December 2019, the Board of Directors decided on the bonus share attribution policy for 2019/2020 based on recommendations by the Remunerations and Nominations Committee. In the context of the Group's development strategy, it concluded there was an opportunity to continue the capital incentive policy for the Group's key executive-level staff. The success of the Group's transformation plan indeed presumes the implication and lasting support of the Group's talents and their association in value creation.

The Board decided to favour this objective by:

- Firstly, restoring the useful effect of the 2016 and 2017 Plans, structured in the form of the attribution of preference shares, unlike previous plans based on the attribution of ordinary shares.

  The Remunerations and Nominations Committee and the Board of Directors indeed noted the deceptive nature of the 2016 and 2017 Plans, since the preference shares attributed - the conversion of which was due to take place in February 2020 according to a variable parity depending on changes in the share price - are not convertible. This deception was primarily due to the unsuitable nature of the conversion terms set when the 2016 and 2017 Plans were created; and the later (volatile and unexpected) market performance, in opposition to the long-term loyalty and incentive objective for key executives that was prevailing when the plans were set up.

  With the aim of restoring the economic coherency of the 2016 and 2017 Plans, while encouraging the loyalty and motivation of the Group's main executives in the implementation and success of the transformation plan, the AGM of 5 February 2020 has been asked to change the characteristics of each category of preference share. The new conversion terms for preference shares, based especially on changes in the Pierre et Vacances share price over the next two years, should help realign the interests of the Group's employees with those of the Company and its shareholders, which is essential under the framework of the Group transformation plan.

- Secondly, the creation of a new ordinary share bonus attribution plan, the beneficiaries of which will be (i) key executives that do not own preference shares, and will therefore not benefit from the incentive scheme planned for in the 2016 and 2017 Plans that are due to be adjusted by changes in the preference share conversion terms proposed for vote at the AGM (supra), and (ii) certain key executives that hold preference shares but who are set to play a major role in the implementation and success of the Group's transformation plan.

The Board of Directors considered it timely to undertake this new attribution in two stages, in order to adapt the terms of the attribution to progress in the strategic overhaul and to ensure the best alignment between the interests of the Group's employees and its shareholders:

- a first attribution was therefore decided by the Board of Directors on 13 December 2019 in favour of key executives whose contribution to the strategic redefinition work currently being completed has been significant, and whose motivation it is essential to ensure throughout the definition phase of the transformation plan, and then during its implementation; this attribution is combined with conditions of presence and performance, although it is nevertheless stated that these conditions are restricted to beneficiaries that do not have a minimum seniority of 15 years within the Group;
- a second attribution (subject to adoption by the AGM on 5 February 2020 of a new authorisation with a view to attributing bonus shares) could take place during the first half of 2020, once the Group transformation plan has been decided by the Board of Directors, thereby basing the conditions set to be combined with this attribution on the objectives of the transformation plan and to ensure the motivation and incentive of key employees under the framework of its roll-out.

Bonus shares granted during the 2018/2019 financial year to each corporate officer

None.

Bonus shares that became available during the 2018/2019 financial year for each corporate officer

None.

Bonus shares granted in the 2018/2019 financial year to the top ten employee beneficiaries who are not corporate officers (general information)

None.

3.2.3 Other information and commitments

3.2.3.1 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.

3.2.3.2 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.

3.2.3.3 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.

3.2.3.4 Other shares convertible to equity

None.

Summary of transactions on the Company's securities

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

None.

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

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

The Shareholders' Extraordinary Meetings of 9 February 2018 and 7 February 2019 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 2018/2019
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

Shareholders' Extraordinary Meeting of 7 February 2019

Resolution No.	Purpose	Term	Use in 2018/2019
21	Authorisation to issue Company shares with cancellation of preferential subscription rights in order to grant share subscription options to the corporate officers and/or some salaried members of staff of the Company or of related companies or groupings.(1)	38 months	Not used
22	Authorisation to issue ordinary Company shares to be allocated free to the corporate officers and/or some salaried members of staff of the Company or of related companies or groupings, up to the value of 5% of the share capital.(2)	38 months	Not used

(1) The total number of options granted under this authorisation may not carry entitlement to subscribe for or purchase a total number of shares in excess of 5% of the share capital. This 5% limit is overall and is shared by the 21st and 22nd resolutions of the Shareholders' Ordinary Meeting of 7 February 2019.

(2) The total number of existing or new shares allocated under this authorisation may not represent more than 5% of the share capital. The total number of shares allocated under this authorisation and the total number of shares that can be obtained by exercising the share subscription or purchase options allocated pursuant to the 21st resolution are deducted from the overall limit of 5% of the share capital.

As the authorisations conferred by the Shareholders' Extraordinary Meeting of 9 February 2018 are due to expire during the 2019/2020 financial year, the shareholders will be asked to renew them at the Shareholders' Ordinary Meeting held to approve the financial statements for the financial year ended 30 September 2019.

3.4 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 is presented on page 19 of the Universal 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 outlined on page 14 of the Universal Registration Document.

Category A, B and C 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 19 and 20 of the Universal 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, B and C preference shares must be held in nominee form and cannot be contractually divided.

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

Category A, B and C preference shares will only carry entitlement to dividends after a period of two years from their date of issue.

Category A, B and C preference shares confer entitlement to liquidation dividends and are not transferable.

Category A and B preference shares are convertible into ordinary shares, after a period of two years from their date of issue, based on the difference between the weighted share price and the ceiling share price of €45 or the floor share price of €30, with adjustments being possible in the event of a change of control or delisting.

Category C preference shares are convertible into ordinary shares, after a period of two years from their date of issue, based on the difference between the weighted share price and the ceiling share price of €61.50 or the floor share price of €41, with adjustments being possible in the event of a change of control or delisting.

As indicated in paragraph 3.2.2 above, the Extraordinary General Meeting of 5 February 2020 will be asked to vote on an adjustment to the characteristics of category A, B and C preference shares.

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

None.

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 and by the Shareholders' Ordinary Meeting held on 7 February 2019 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.

3.5 Agreements entered into between an executive officer or significant shareholder and subsidiaries of the Company

No agreement had been made, either directly or via an intermediary, between, on the one hand, a Company corporate officer or a shareholder owning a fraction of the voting rights in excess of 10% and, on the other, another company controlled by the Company within the meaning of Article L. 233-3 of the French Commercial Code, with the exception of agreements relating to ongoing transactions completed under normal conditions.

3.6 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 pages 14 and 15 of this Universal 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, B and C preference shares do not carry any voting rights.

3.7 Regulated agreements and commitments

3.7.1 Agreements and commitments submitted for approval by the Shareholders' Ordinary Meeting of 5 February 2020

None.

3.7.2 Agreements and commitments already approved by the Shareholders' Ordinary Meeting remaining in effect during the financial year 2018/2019

None.

3.7.3 Assessment procedure for current and regulated conventions

During its meeting on 25 November 2019, the Board of Directors implemented a regular assessment procedure by the Audit Committee, and in the presence of the Auditors, of the conditions for agreeing current conventions, with the persons directly or indirectly concerned by these conventions not taking part in its assessment.

3.8 Statutory Auditors' special report on regulated agreements and commitments

Financial year ended 30 September 2019

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, 19 December 2019

The Statutory Auditors

GRANT THORNTON French member of Grant Thornton International	ERNST & YOUNG et Autres
Virginie PALETHORPE	Anne HERBEIN

EXTRA-FINANCIAL PERFORMANCE DECLARATION

4

4.1. Committing to responsible tourism

4.1.1 Creating shared value through CSR

The Group's sustainable development strategy is in line with the Group's ambition to "strengthen our European leadership with experiential, innovative and responsible tourism". This ambition draws on our history. In the 1960s, we opened the first car-free ski resort in Europe. Fifty years on, Avoriaz remains a laboratory of innovation. Striving for a harmonious relationship between humans and their environment (in economic, social, environmental and cultural terms) and creating a unique customer experience are part of our DNA.

This commitment to sustainability is rooted in our business model, which successfully combines property development with tourism. This unique aspect involves reconciling short-term performance with a long-term environmental, corporate, societal and architectural vision.

As in the past, our longevity and success today depend on our ability to innovate sustainably and reinvent ourselves through our approach to financing property development projects and creating new tourism concepts. These challenges are addressed in our Ambition 2022 strategic plan, which focuses on four key areas:

- improving our offer;
- undertaking major property development projects;
- boosting sales;
- optimising our organisation.

The CSR approach is a cross-cutting element of this strategy. It contributes to the Group's performance through the actions and initiatives described in this chapter.

Non-financial performance

For the eleventh year running, the Group was listed in the 2019 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.

The pillars of our CSR strategy

The Group's CSR strategy seeks not only to ensure that the CSR risks linked to its business are properly managed, but to identify and exploit new opportunities for growth and differentiation. To be ready for these opportunities and pave the way for this development, the Group has made three commitments:

Make sustainable development a lever to enrich customer experience

One of the priorities of the Ambition 2022 strategic plan is to become a "Customer Company" by developing a new customer experience. CSR underpins this goal by pioneering a new and original kind of holiday based on nature and the regions, and by offering services and activities attuned to the changing expectations of families.

Creating value in the regions where we operate

The beautiful environment surrounding the Group's locations is a key asset to attract customers. Our expertise lies in protecting this natural capital while promoting local resources among our customers. Forging close links with the local community is a major pillar of our sustainable development policy. We achieve this through our contribution to the local economy, our corporate sponsorship and our ongoing dialogue with local authorities and residents.

Set the highest standards operating our business

Corporate social responsibility is a subject that encompasses all business lines, operational departments and support services. The Group's commitment is based on its ability to incorporate CSR throughout its value chain and to set the highest standards of excellence, from site design to operation. In this context, each business line has its own CSR management and coordination tools. In addition, the Group actively encourages external certification and labelling for construction and operation.

The Group's responsibility extends across all business lines and operations. Our brands embrace this via a sustainable development programme combining operational action plans and targets.

"Faisons plus ensemble" ("Doing more together"), the Pierre & Vacances sustainable development approach, means working with partners and customers to create value for the regions and mitigate environmental impacts.

Targets:

- **water:** 15% reduction in consumption per overnight stay between 2014 and 2022;
- **energy:** 20% reduction in consumption per overnight stay between 2014 and 2022;
- **waste:** separate recycling bins in all apartments, residences and villages under direct management;
- **biodiversity:** banning the use of plant protection products in garden and landscaping maintenance.

"Naturall" the Center Parcs approach means protecting nature while ensuring respect for guests, employees and partners.

Targets:

- **water:** 25% reduction in consumption per person per night between 2010 and 2022;
- **energy:** 25% reduction in consumption per person per night between 2010 and 2022; increase the use of renewable energies (target to be defined);
- **waste:** 60% of waste to be recycled by 2022;
- **biodiversity:** 100% of sites to have an environmental management plan by 2022.

4.1.1.1 Our contribution to the Sustainable Development Goals (SDGs)

The Group's programmes and action plans contribute to the achievement of the UN's Sustainable Development Goals. We have identified 11 major and priority goals linked to our business lines.

Using sustainable development to enhance the customer experience

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Our contribution:

- Developing offers and activities that reflect local heritage and nature
- Sorting and managing waste via specific channels
- Selecting and promoting eco-labelled products in the Group's purchasing policy

14 LIFE BELOW WATER

Our contribution:

- Educating and raising awareness of customers about nature conservation and environmental protection
- Reducing waste
- Banning the use of agrochemical products

Creating value for the regions

4 QUALITY EDUCATION

Our contribution:

- Social and professional reintegration via the company Foundation
- Skills development

8 DECENT WORK AND ECONOMIC GROWTH

Our contribution:

- Boosting local employment and supporting the local economy
- Responsible and inclusive purchasing
- Group commitment to human rights

11 SUSTAINABLE CITIES AND COMMUNITIES

Our contribution:

- Consulting local stakeholders to ensure that developments are in harmony with the regions
- Showcasing natural and cultural heritage through the company Foundation

Being exemplary in the course of our business

5 GENDER EQUALITY

Our contribution:

- Combating all forms of discrimination and advocating a gender balance within teams
- Ensuring the health and well-being of employees and respecting all forms of diversity

6 CLEAN WATER AND SANITATION

Our contribution:

- Wastewater treatment; reduction in the use of chemicals and hazardous substances in wastewater
- Measures to optimise water consumption (hydro-efficient equipment, optimised pool water management)
- Ecological management of rainwater in new projects

7 AFFORDABLE AND CLEAN ENERGY

Our contribution:

- Renewable energy production at 5 of the 26 Center Parcs sites (geothermal energy, solar panels, wood-fired heating)
- Purchase of green energy

10 REDUCED INEQUALITIES

Our contribution:

- Gender equality
- Fight against discrimination

13 CLIMATE ACTION

Our contribution:

- Reducing CO_2 emissions; purchasing green energy
- Taking climate change into account when choosing new sites

15 LIFE ON LAND

Our contribution:

- Conducting impact assessments and protecting biodiversity during site construction and operation
- Environmental management plan for green spaces and woodland areas and monitoring of protected species on sites
- Buying timber sourced from sustainably managed forests (FSC/PEFC)

4.1.2 Listening to our stakeholders

The Group's sustainable development policy is designed to meet the expectations of our stakeholders, with whom we have specific channels of communication and dialogue:

Our stakeholders	Forms of communication	Highlights of the year
Customers (Nearly 8 million customers)	Satisfaction survey, on-site team presence, social media and review sites, litigation monitoring service, etc.	Digitalisation and personalisation of the customer relationship: nearly half of customers responding to customer satisfaction surveys leave a detailed review of their stay
Employees (Nearly 12,200 employees)	Intranet, employee satisfaction survey, company-level agreements, one-on-one interviews, etc.	74% participation rate in the Happy@work survey, up 2% from 2017
Shareholders	General meeting, roadshow, one-on-one meetings, socially-responsible investment (SRI) questionnaire, etc.	Bronze medal in the 2018 Best Mid-Cap Investor Relations awards
Owners and institutional investors	Website and online customer relationship, co-ownership meetings, litigation monitoring	Increasing number of leases renewed by electronic means (+76%)
Suppliers	Individual meetings, questionnaires, call for tender, audits, etc.	Renewal of the Responsible Supplier Relations label
Public and local authorities	Dialogue, consultation, public meetings, steering committees, etc.	Creation of the public/private entity as part of the Center Parcs Lot & Garonne construction project
Civil society (residents, associations, etc.)	Working groups/workshops, public meetings, advisory committees, website, partnerships, etc.	Public inquiry into the expansion project of Center Parcs Bois France (July-August 2019)

4.1.3 Our main non-financial risks

In 2018, the Group conducted an internal study to assess its main non-financial risks. Each risk was assessed according to its impact, likelihood of occurrence and level of management by teams. The main non-financial risks are 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 and energy fares.

The CSR strategy is based on the three pillars described earlier (section 1.1). It is designed to address these risks through the policies put in place in the various business lines. The impact of these policies is monitored using Key Performance Indicators (KPIs). It also draws on the Group's strengths, such as forging links with the local community and choosing remarkable locations in mountainous, coastal or rural areas.

4.1.4 Ethical and responsible governance and practices

4.1.4.1 Existing governance system

The CSR policy is managed at the highest level of the company:

- the CSR Department reports directly to the Group Executive Management;
- the Tourism and Property Development Committees hold six-monthly briefings;
- the Executive Committee performs a six-monthly or quarterly review of the operational departments.

4.1.4.2 Our organisation

The CSR and Foundation Department, which reports to the Executive Management, is responsible for defining the Group's CSR strategy and actions, supporting the operational departments in preparing and implementing roadmaps, and overseeing non-financial reporting. In 2019, liaison officers were appointed within the various departments and business lines (Pierre & Vacances, Center Parcs, Pierre & Vacances Développement, Purchasing, PVCP China) to lead, monitor and coordinate the operational implementation of roadmaps with teams and on the ground.

4.1.4.3 Ethical and responsible practices

Business ethics

Context

Business ethics is a key commitment for the Group, particularly in view of its image as a market leader in the tourism industry and its ethical positioning vis-à-vis its customers, employees, partners and suppliers. The enforcement of the French Sapin II Law marked a new phase in the legislator's commitment to increasing transparency in various economic activities and to extending its right of scrutiny over international operations.

Policy and action plan

During the year, the Legal Department put in place an action plan to bolster measures to prevent and protect against the risk of corruption. The action plan is led by a Chief Compliance Officer. It is coordinated jointly with the departments concerned and presented to the Audit Committee once a year. It is based on six requirements:

- dissemination of a code of conduct (or code of ethics);
- introduction of a whistleblowing mechanism that allows employees to report a breach of ethical rules and any behaviour posing a serious danger or threat to the public interest;
- training for employees exposed to significant risks: people in contact with local authorities (PVCI/PVD), buyers, Finance department employees;
- risk mapping;
- accounting control;
- management and evaluation of the approach.

> Issued in March 2019, the code of conduct is designed to safeguard the Group's reputation and integrity for its clients, stakeholders and employees. The code of conduct only covers France at present. The formalisation of our commitments to business ethics has made it possible to underline the fact we foster an open corporate culture: employees must be free to exchange ideas and information, seek advice and report problems. This approach allows us to serve the interests of our customers, create opportunities for our employees and generate sustainable profits for our shareholders. The code of ethics is attached to the internal regulations that each new employee joining the Group in France must read.

The Legal Department has chosen to implement these actions in France within the central departments (at head office) and at the Pierre & Vacances and Center Parcs operating sites. The procedure will then be extended to the other European countries in which the Group operates (Belgium, The Netherlands, Germany, Spain), followed by China.

The Group also has a Vigilance Plan (see Chapter 8 of the EFPD).

The whistleblowing mechanism was introduced in March 2019. It includes a whistleblowers' charter distributed to employees, and the Whispli online tool which guarantees the anonymity for whistleblowers. No reports were submitted during the year.

Results

- A total of 50 employees participated in an awareness-raising session on the code of ethics through face-to-face training.

Tax evasion

Context

The Group is not based in any low-tax jurisdictions. In accordance with the requirements of the Sapin II Law, the Group has based its tax policy on four pillars:

- tax compliance;
- tax transparency;
- tax risk management;
- assistance for operational staff.

Policy and action plan

Tax compliance

The Group's operations in Europe and China generate significant taxes of all kinds (corporate income tax, local taxes, customs duties, registration fees, payroll taxes, etc.).

The Group's Tax Department ensures that the various business lines comply with all applicable laws, regulations and international treaties in force. This involves filing the necessary tax returns, as well as timely payment of taxes due. In addition, the Group monitors changes in tax regulations.

Tax transparency

The Group complies with the international tax standards published by the OECD, as well as the country-by-country reporting (CBCR) requirement for transfer pricing under the French finance law.

Tax risk management

The Tax Department is supervised by the Group Chief Financial Officer under the responsibility of the Group Deputy Chief Executive Officer. Tax risk is handled with a view to safeguarding the Group's reputation. This means:

- complying with all applicable regulations and paying the correct amount of tax;
- mitigating tax risk by monitoring tax developments and seeking external advice where appropriate;
- closely monitoring tax audits and disputes.

In addition, the Audit Committee examines and discusses the implications of the tax policy.

Assistance for operational staff

The Group's tax policy is fully integrated with the Group's business and development. The Tax Department has a central team that works closely with the operational teams to ensure that its policy is implemented properly and in accordance with the various regulations.

Respect for human rights

Context

The outsourcing of services in the tourism (particularly cleaning) and construction sectors could involve human rights risks linked, for example, to working conditions and health and safety.

Policy and action plan

The Group is committed to protecting human rights within its direct sphere of operations. The code of ethics is based on upholding the United Nations Universal Declaration of Human Rights and the founding texts of the International Labour Organization. The basic principles that inform the Group's actions are:

- respecting laws and regulations;
- respecting people;
- respecting the environment;
- respecting the best interests of the PVCP Group.

The code of ethics states that all employees must act with integrity, transparency, fairness and accountability in the interests of the Group.

The issue of human rights is also included in the CSR questionnaires sent to our suppliers and covered in the vigilance plan.

General Data Protection Regulation (GDPR)

Context

The new data protection regulation has affected the types of queries we receive from our existing and prospective customers. More informed about their rights, they are now able to submit more detailed and substantiated requests. The GDPR legal framework enforced in May 2018 with a view to protecting individuals by ensuring respectful use of their data. This was an opportunity for the Group to review its internal processes to ensure that the use of its customers' and employees' personal data remains supervised and sustainable. It meant that some of the Group's business lines had to rethink their approach to data, security and human rights.

Policy and action plan

A GDPR policy has been developed to incorporate the "data protection" aspect throughout the data life cycle, in a bid to ensure compliance with the GDPR and local laws in each country where we operate.

Governance and organisation

Based on the principle of subsidiarity, a dedicated unit has been set up to oversee GDPR issues. A team of two Data Privacy Officers (DPOs) is assisted by ten Deputy DPOs, who act as points of contact for the various activities:

DATA PRIVACY OFFICERS (DPOs)

Members: 2 DPOs

Scope:
- Lead the implementation of the GDPR actions within the Group
- Ensure coverage of property development and support services at head office
- Coordinate the work of the deputy DPOs
- Draw on local legal expertise
- Act as deputy DPO for China-based operations

↓

DEPUTY DATA PRIVACY OFFICERS (Deputy DPO)

Members: The 10 deputy DPOs are in charge of implementing the approach within the BLs

Scope:
- They help to collect information on data processing and ensure compliance with the Group's GDPR guidelines in their respective business lines

- **Center Parcs Europe**
  - France
  - Belgium
  - The Netherlands
  - Germany
- **Pierre & Vacances**
- **Tourism**
- **Spain**
- **Maeva**
- **Adagio**
- **Les Senioriales**

During the year, the DPOs implemented the "privacy by design" process, widely adopted by project managers. This enables GDPR constraints to be embedded right from the start of a new service or project for customers or employees. In this context, Privacy Impact Assessments (PIAs) have also been launched to assess the risks of harm to individuals resulting from the use of their data. The first PIAS carried out covered existing operations as well as two key projects for the Group: the consent management platform and the future data storage space.

The DPOs conduct on-site audits based on a cyclical audit plan to ensure that practices are compliant with the regulations.

This organisational structure with DPOs and Deputy DPOs is supported by two governance bodies:

- the Data Privacy Committee, which establishes the Group's GDPR guidelines and meets four to six times a year;
- the Data Privacy Executive Committee, which allows COMEX members to decide on the policy when necessary and gives them oversight of the process. It meets two to three times a year.

Since the Group's head office is in France, the Group has designated the National Commission for Data Protection and Liberties (CNIL) as the lead supervisory authority in Europe.

Results

During the year, a variety of tools were used to implement this policy. These are available on the Group's employee intranet or on the intranet reserved for Deputy DPOs and members of the Data Privacy committees. These document libraries are regularly updated by the DPOs.

Fields	Deliverables/documents distributed throughout the Group
Employee communications	◆ Video presentation "Pour tous savoir du RGPD, ses objectifs et ses principes" ("Everything you need to know about the GDPR and its aims and principles") distributed to all Group employees ◆ Overview of the GDPR ◆ Newsletter illustrating the projects undertaken and completed
Business processes	◆ Model subcontractor agreements ◆ How to react in the event of an audit by the French data protection authority (CNIL) ◆ Whistleblowing procedure – Weak points and management
Best practice	◆ Specific user guides detailing the key GDPR principles applied to the CRM and Marketing, HR and Indirect Sales departments ◆ Response guidelines for the Customer Relations department ◆ Best practice guide "Garantir la sécurité physique des pièces et des documents" ("How to ensure that documents are secure") ◆ Privacy by Design
Training	◆ Two training sessions for managers: – training on the "privacy by design" process, which enables GDPR constraints to be factored in right from the start of a new service or project for customers or employees. Training is given to the entire Pierre & Vacances-Center Parcs France Marketing team (eight participants); – training on consumer rights given to Call Centers, Customer Relations and CRM teams in France, The Netherlands, Belgium and Germany (45 participants).

4.2 Using sustainable development to enhance the customer experience

In 1967, Gérard Brémond helped to found the Avoriaz ski resort, a singular, completely pedestrianised destination fully embedded in the landscape thanks to its mimetic architecture. This innovation was in step with the new leisure residence concept.

4.2.1 Innovation focused on customer satisfaction

Context

The innovative approach begun 50 years ago continues today: innovation is one of the four pillars of the Group's Tourism strategy. A dedicated Innovation department was set up this year at Group level. Its mission is the same as that of all the Group's other departments: to improve customer satisfaction and enhance the offering.

Policy and action plan

The Group places the customer at the heart of everything it does, improving the customer experience and making it smoother, to make the relationship personal.

The aim is to identify the stages of the customer experience that need to be improved, then look at possible solutions to resolve the problems identified.

An innovative ecosystem to boost customer satisfaction

To support this policy, the Group's Innovation Department has identified two key missions:

- cooperate with start-ups to build a personalised and smooth customer experience;
- spread innovation, set up a community of innovators within the Group and in all departments.

The selected start-ups provide new services which generate customer satisfaction (innovation in products or services). After 9 months, 11 proofs of concept have been launched. Some of these help to improve the impact of our CSR policy:

- the ADDOCK start-up is developing a solution to enable customers to book local activities in real time (currently being tested with maeva.com) thereby enhancing the customer offering via activities related to the regions;
- mapsindoors is a geo-location system that enables customers to find their way around Center Parcs sites more easily using a digital card integrated into the Center Parcs app. This innovation is being trialled at Center Parcs Le Bois aux Daims. Customers who use it are able to find their way around more easily, and can discover more of the site's biodiversity and everything else it has to offer.

This start-up partnership strategy was facilitated by the creation, in January 2019, of the community of innovators, which is tasked with devising innovative products and services for customers and spreading innovation across all of the Group's business lines.

The dissemination of innovation within the Group began with "Innovation breakfasts", in which external speakers presented new ways of innovating to employees at the head office.

Managing customer satisfaction

Each Business Line has a process in place to assess and manage customer satisfaction. By processing the customer satisfaction questionnaires that are completed each week, the Net Promoter Score(1) (NPS), intention to return and overall satisfaction can be monitored. The "social room" (responsible for social media interactions with customers) analyses scores left online. Sites receive a monthly report to notify employees of the things they are doing well and areas where the service could be improved.

Results

There has been a clear increase in customer satisfaction:

- Net Promoter Score (NPS) for Pierre & Vacances (all PV, Premium, Villages and Maeva brands): 21.3% (an increase on the previous year: 15.1%);
- NPS for Center Parcs: 3.2% (an increase on 2017/2018: 1.8%).

> In 2019, 123 Pierre & Vacances-Center Parcs Group sites received a TripAdvisor Certificate of Excellence (1 Center Parcs, 40 Pierre & Vacances residences, 80 partner residences and 2 multiple ownership residences), which is awarded to establishments all over the world that offer a quality service over the long term.

Personalising relationships with our owner customers

The relationship of trust that we have built with our owners is essential to the longevity of our business model. In addition to the profitability of their investment, they expect better fluidity in their relations with the Group. The Owners' Department is organised on two levels: a team at the registered office manages owner enquiries about their properties (lease renewals, renovation, owner relationship) while property managers , locally based, manage some of the co-owned properties operated by the Group.

Major efforts have been made to improve owner satisfaction in the following areas:

- the Group's responsiveness to queries throughout the term of the lease;
- the way stays are organised;
- the way disputes are dealt with;
- the simplification of the renewal of leases on the digital platform.

Currently, 93% of owners have set up an online account, and 30% of leases were renewed online over the year (compared to 17% in 2017/2018).

Results and KPIs

Owner satisfaction:

- processing of owner litigations took 1.9 days in average (1.8 days in 2017/2018);
- number of owner litigations (as a proportion of the total number of owners): 1.40% (a 0.15% drop compared to 2017/2018; 46 fewer litigations);
- lease renewal rate: 83% – note: *result based on an estimate for one site whose operations are still ongoing.* (76% in 2017/2018).

In addition to customer satisfaction during their stay, the Group is working to ensure customer safety, given the risks identified as high by the European authorities.

Ensuring the safety of our customers

In the context of enhanced security in France, Center Parcs continued the certification process for its French sites. During the financial year the Villages Nature® Paris site received the "Sécuri-Site" label which certifies the introduction of a complete security plan, both inside the site and in the surrounding areas, as well as a close partnership with local authorities. Issued by the French State and based primarily on prevention, the exchange of information and crisis management preparation, this partnership is further enhanced by shared safety drills.

ISO 14001 standards have been introduced at Center Parcs sites and a safety plan is in place at Pierre & Vacances to monitor customer safety. The accident rate is 0.006% for Pierre & Vacances and 0.001% for Center Parcs. This accident rate refers to damages as a result of personal injury involving civil liability (above the insurance franchise) in relation to the number of customers (Center Parcs) and the number of units occupied (Pierre & Vacances).

(1) *The Net Promoter Score is 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?".*

4.2.2 Offering a customer experience focused on nature and the regions

Context

For over 50 years, the Pierre & Vacances-Center Parcs Group has been working to place the customer experience at the heart of its service offer to ensure that "holidays are the best experience". Our customer base, 80% of which is made up of families[1], wants holidays that enable them to reconnect with loved ones, but also to discover the region while protecting the environment.

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. 70% of Center Parcs sites are covered by green spaces or forests, such as the Center Parcs Allgäu at the foot of the Bavarian Alps, which opened in October 2017. The Group wants to showcase this natural capital and encourage its customers to discover local attractions.

Policy and action plan

One aim of the Pierre & Vacances and Center Parcs brands is to increase the number of fun and educational activities focused on nature and the regions. The teams offer nature-based activities, either alone or in partnership with associations. The Group also offers regional discovery activities via tourist information offices on Center Parcs sites and the RendezvousCheznous platform for the Pierre & Vacances brand.

Showcasing natural heritage and encouraging customers to preserve the environment

In 2019, Pierre & Vacances added the "Gardener" activity to its Nature activity programme. The activity is aimed at children aged 3-5 at the Pierre & Vacances villages kids' club. The Group has set up educational hives to highlight the importance of protecting bees, an endangered species which is crucial to preserving biodiversity.

Center Parcs also continues to enhance its "Wanna be" activity programme, which focuses on jobs relating to nature, such as forest ranger, photographer or animal keeper, etc. Other nature activities are also offered in partnership with local associations; the aim is for each site to provide at least one Nature activity by 2022. Finally, small farms on each site encourage children and their families to respect animals and their environment.

A focus on animal welfare

During the year, two veterinary schools analysed practices and provided recommendations on animal welfare. This work led to Kid's Farm teams at all Center Parcs France sites being trained to harmonise and improve animal care practices, as part of the process to continually improve the way we manage operational risk.

Showcasing local tourist attractions and developing partnerships to enhance the activities offered

In January 2019, the Group acquired the RendezvousCheznous marketplace which has a selection of 1,400 authentic activities in France, with which Pierre & Vacances cooperates. This transaction has given the brand the in-house skills to offer its customers the chance to discover France "differently", thanks to locals who are true ambassadors of their region and their know-how, who share experiences – food, wine, crafts, art, sport, etc.

Encouraging environmentally-responsible behaviour during stays

Pierre & Vacances has disseminated "eco-tip" stickers in all Pierre & Vacances units in France and Spain to remind customers to sort waste, close windows when the heating or air conditioning is on, save water, etc. The brand's improved CSR standards also enable these criteria to be incorporated into its service system (use of environmentally-friendly cleaning products, reusable tableware or failing this, tableware made of cardboard or other biodegradable materials for meetings, option to compost organic waste on some sites, etc.).

(1) Families make up 78% of the customer base at PV sites in France and the French West Indies (data from the IQSurvey) and 81% at Center Parcs Europe.

Promote sustainable nutrition, prevent food waste and single-use plastics

On Center Parcs sites and in Pierre & Vacances villages, catering is supplied by external providers (catering is only under direct management at two Center Parcs and one Pierre & Vacances sites). The Group encourages partners to include and enhance the offering of local or organic products in restaurants and grocery stores using the Green Key certification. It is also tackling food waste and reducing the reliance on single use plastics. At the Villages Nature® Paris site, the PUR, etc. restaurant features environmentally-friendly dishes (using little meat), and works in direct partnership with local producers to provide a wide range of organic, gluten-free and lactose-free options.

In line with the site's environmental strategy and the EGALIM law for balanced business relations in the agriculture and food sectors and healthy, sustainable nutrition accessible to all, the grocery store at Villages Nature® in Paris has replaced all single use plastic products (plates, cutlery, stirrers) with wooden or bamboo products. This will be rolled out across all Group sites during the financial year.

At Pierre & Vacances, we have worked with our catering supplier, Restoleil, to replace small individual portions with larger containers on the breakfast buffet at the Branville residence. Since April 2019, jams, spreads and butter have been provided on the buffet in larger containers.

This responsible purchasing policy aims to establish a close relationship with its suppliers whose CSR performance is closely linked to the Group performance. For example, on catering sector, the Group and its partners are committed to abandoning eggs and egg products from caged hens by 2025, for all its sites, in all the countries where the Group operates, and thus exclusively use eggs and egg products from outdoor or ground-based farming or alternatives to eggs.

Results

- Nature activities are available at 24 Center Parcs sites (92% of our sites).
- 4,586 children signed up for Nature activities at the seven Pierre & Vacances villages that have introduced these events.
- Ban on plastic drinking straws in the six Center Parcs in Germany.

4.3 Creating value for the regions

4.3.1 Encouraging a property development strategy that has less impact and uses biodiversity in a respectful way

Context

One of the major non-financial risks identified by the Group is the reduction in available land area. This is due to land pressure and the Group's requirements regarding the location of its sites. The Group's property development strategy has been adjusted in response to these limitations; it continues to develop in countries with existing operations (France, the Netherlands, Belgium, Germany and Spain) and in new areas (China and Europe).

In the design phase

Policy and action plan

The Group has implemented a growth strategy with three focus areas:

- enhancing the Pierre & Vacances tourism offering through external growth (asset light) via franchises and management contracts and the marketing of partner sites. The target set by Pierre & Vacances Tourism International development is to reach 300 partner residences by 2022;
- capitalising on the existing property portfolio by renovating our holiday residence portfolio (three renovation projects delivered during the financial year: Hoch Sauerland, De Haan and Zandvoort) and extending some sites (Center Parcs Les Bois Francs, Villages Nature®);
- selecting sites that have already been built on in the past and sites with limited biodiversity reduces the environmental impact of property development projects; major renovations to existing buildings... Specifically, when the property development teams in France or BNGC (Belgium, the Netherlands, Germany and China) look for new land, sites that have previously been built on such as the many abandoned military zones in Germany or partially-developed spaces (e.g. car parks in mountain resorts) are of particular interest when considering future developments. Furthermore, an environmental pre-assessment or mapping is conducted on projects under development (with capacity of over 100 units and located in natural areas) when selecting sites. Finally, renovating existing buildings is an important way to unlock future development potential.

The second two focus areas are managed by two property development teams, PVD for France and the Belgium, Netherlands, Germany and China construction team.

Several construction projects are in the development phase:

This year, 6 of the 9 projects under development in natural areas or previously unbuilt areas with over 100 units (Center Parcs Lot & Garonne, the extension of Villages Nature®, the extension of Center Parcs de Bois Francs, Center Parcs Jura, Center Parcs Saône et Loire, Center Parcs de Roybon) have undergone a previous environmental assessment, over and above the legal obligations. The two other sites concerned: The new Belle Dune premium residence: the work on the mixed development zone where the residence will be sited has been entrusted to the public/private entity "Baie de Somme – Grand Littoral Picard", which has taken on all of the administrative demands relating to new developments planned in this zone. As such, the Group has not ordered any environmental studies for this project. As regards the Telephérik project in Avoriaz: the land within the resort has been identified by the city of Morzine-Avoriaz for a tourism development. An environmental study has also been conducted by the city of Morzine-Avoriaz concerning the modification to the Local Urban Development Plan. In the same way, for the ongoing Aime-la-Plagne project, an impact study was conducted as part of the touristic development of the area. Furthermore, both of these mountain projects are located in areas which have been partially developed in the past: car parks and existing buildings. This vastly reduces the portion of the land being artificialized: +36% of additional soil artificialized for the Téléphérik project, and +6% for the Aime-la-Plagne project. As for the latest residence at Deauville, the "Bâtiment des Douanes", and the Capella project in Avoriaz, the existing buildings are undergoing major renovations, which does not involve the development of any new land.

The Group's new Center Parcs village in Belgium is another example of its asset light policy. Operated under a management contract, this site, called Terhills Resort, will have 250 villas in a natural setting. It will open in the spring of 2021.

Results

- 191 residences marketed by our platforms (a 29% increase on last year).
- 6 environmental pre-assessments or mapping of issues were carried out for 9 potential projects.

Operational

Policy and action plan

During the operational phase, the Group implements an environmental safety and standards policy at Center Parcs Pierre & Vacances sites, with a view to achieving zero accidental pollution of the natural environment. To better preserve biodiversity at these sites, Center Parcs aims to have a biodiversity plan for green spaces, to include a biodiversity assessment for all sites by 2022 and specific measures for each site (late mowing, selection of species, maintenance method selected according to the purpose of each space, ban on phytosanitary products).

Making biodiversity an asset of our sites

During the financial year, two Center Parcs sites in the Netherlands (De Kempervennen and De Eemhof) conducted an initial biodiversity assessment in partnership with the university of applied sciences of 's-Hertogenbosch (Netherlands). This assessment yielded a methodology for calculating a biodiversity score covering the following criteria: the number of species present at the site and the biodiversity index (calculated based on the richness and diversity of species, the presence of benchmark species in the region, rare or endangered species, protected species and management of biodiversity intensity). This standardised methodology will be replicated at eight Center Parcs sites in Europe in 2019/2020 to gain a clear picture of the biodiversity status of our sites, and implement the appropriate protection measures. The aim is to roll out this approach in all Center Parcs by 2022.

Results

- 58% of Center Parcs sites have a full biodiversity plan.
- Biodiversity score of 6.2/10 for the two Center Parcs analysed.

4.3.2 Developing new projects jointly with local partners and residents

Context

The local acceptability of our development projects is of major importance to the Group, which also wants to create value in the regions. During our development projects, this focus on local involvement involves close cooperation with public and private partners from the very beginning. For each development project, a specific organisation and a consultation plan are drawn up in line with the national regulatory framework, the project's characteristics and the local context.

Policy and action plan

The consultation is intended to notify the local population of the project, support its successful integration in the local economic fabric and to make changes to the project if necessary.

For major property development projects (over 100 accommodation units) where there are significant environmental challenges, a local consultation process, over and above regulatory requirements, automatically takes place at least six months before any application for planning permission is filed.

Center Parcs Lot & Garonne – working in partnership with local players

2018/2019 was devoted to fine-tuning and completing the economic set-up of the central facilities in the form of a local public-private partnership as part of the "public/private" partnership bringing together regional authorities (Region of Nouvelle Aquitaine, Department of Lot-et-Garonne, joint local authority of Landes de Gascogne, the bank financing territories ("banque des territoires") and the PVCP Group. This local public-private partnership will own these central facilities and make them available to the Group under a long-term commercial lease, in exchange for a fixed rent subject to review. A final agreement to this effect was signed between the various partners in July 2019. As a result of this agreement, the PVCP Group was able to sign the off-plan sale commitment in favour of the public-private partnership.

Ensuring ongoing dialogue with our stakeholders is a fundamental stage in our development process, for property development projects in France and BNGC (Belgium, Netherlands, Germany, China). This dialogue is tailored to each country, and project type.

Project name	Project description	Type of consultation
Yixing, Jiangsu province (China)	144 accommodation units, 50% of which are apartments. Development via the management contract	Work with local authorities
Telephérik, Avoriaz (France)	7,500 m^2 for 163 accommodation units	Consultation with the city council, representatives of owner associations and ski lift owners
Aime-la-Plagne project (France)	Construction of a hotel (new "lifestyle" holiday accommodation concept including services and restaurant)	Economic feasibility study of the overall Aime 2000 mixed development zone project involving the local authority and various potential partners, consultation with local stakeholders (owners' association, etc.)
Project to extend Villages Nature®, Ile-de-France (France)	242 new cottages	A consultation during phase 1 of the development (prior to the site's opening in 2016) and public inquiry in the summer of 2019
Project to extend the Center Parcs site at Les Bois Francs, Normandy (France)	322 new cottages	◆ 1 voluntary consultation in the spring of 2019 ◆ including 5 public meetings and a file outlining the project available at the town hall and online ◆ 1 public inquiry in the summer of 2019.

Results

7 out of the 9 projects being developed in France of more than 100 units (Center Parcs Lot & Garonne, Pierre & Vacances Aime-La-Plagne, Pierre & Vacances Belle Dune, Telepherik Avoriaz, extension of Center Parcs des Bois Francs, extension of Villages Nature®, Center Parcs Jura, Center Parcs Saône & Loire, Center Parcs Isère) underwent a consultation suited to the local context.

Saône & Loire, Jura and Roybon projects

Regarding the Jura Center Parcs project, the litigation relating to the Local Urban Development Plan has not been resolved: the joint local authority, which is responsible for urban planning, has decided to refer the matter to the administrative court. Pending a hearing which will take place in 2020 at the very earliest, the project is currently suspended.

For the Saône-et-Loire project, the Local Urban Development Plan became final in September 2019, after the administrative court dismissed the appeal proceedings begun by opponents. The Group is now able to continue concertation with all stakeholders and approach local authorities to re-examine the technical and financial conditions under which the project could go ahead.

Regarding the development of a Center Parcs in Isère, Roybon, in April 2019, the Administrative Court of Lyon ordered an expert environmental assessment, which at year-end had yet to begin.

4.3.3 Committing to the local economy

Context

The Group wants to be more than just a tour operator, and intends to contribute to the local economy. Our largest sites, of the Center Parcs brand, employ up to 600 people in order to provide a full range of leisure activities, catering and maintenance services. Around 200 people are employed by Center Parcs across a range of sites such as Bispingen (Germany) with an average headcount of 286 people. Villages Nature® has 209 employees on average. Most Center Parcs sites are located in the countryside or rural areas, far from major centres of employment. The Group is therefore heavily dependent on the quality and availability of the local workforce while providing work and jobs across its entire supplier chain.

Policy and action plan

Local economic growth is an integral part of the Group's CSR policy. During the construction phase, the Group favours local businesses. Prior to opening, employees work with local economic players (Department, Region, job centre) to release job vacancies on the new site and we train employees in the skills required to work in the tourism sector.

In the construction phase

For the Lot & Garonne Center Parcs which is currently under construction, initiatives are in place to boost the local economy, prior to project delivery. After the information phase and involvement of the stakeholders, the Group began working closely with construction companies and their consular chambers to plan the construction phase. The first contracts awarded were for roads and miscellaneous networks prior to the construction of the accommodation units and central facilities, with a view to beginning work on the cottages at the end of 2019. At 30/09, over 80% of the contracts had been awarded to regional companies.

Two years prior to the site opening, the employment committee met for the first time. Its role is to ensure optimum conditions for finding employees, with a view to their subsequent training and recruitment.

At the same time PVCP, the joint local authority and the Dpartement of Lot & Garonne set up a short channel committee to seek out and build future partnerships for food/catering supplies, maintenance and cleaning services, and operation of the farm.

In the operation phase

Our sites contribute to regional vitality, providing the local population with jobs and favouring purchases from local companies.

- The sites develop links with local producers, notably by holding local produce markets on several of our sites and through the local produce shop at the Center Parcs Bois aux Daims site which offers products (local specialities, etc.) sourced from local producers.

The socio-economic footprint of the Center Parcs Bois aux Daims site

In 2019, Protourisme conducted a survey which analysed the economic impact of Center Parcs Bois aux Daims[1] by looking at spending by our customers outside the Center Parcs:

- over 1/4 of customers engage in activities outside the Center Parcs;
- an average of €7 was spent in the local area (i.e. Vienne) by each Center Parcs customer (mostly on services and eating out), amounting to total consumption by customers outside the Center Parcs in the département of Vienne of €7.4 million in 2017 (including taxes);
- 520 employees in 2018, over half of whom live in the Lot & Garonne area;
- from the construction of the site to the 10th year of operation, the Center Parcs Bois aux Daims will have generated 1,400 direct and indirect jobs outside the site.

KPIs

- Local purchases on sites in Europe (within a 150 km radius of the site): 84% local purchases in the construction phase.
- Local purchases/Operation Center Parcs France (within a 150 km radius of the site): 32% local purchases in the operation phase.

(1) Survey conducted in September 2018 on 614 respondents.

4.3.4 Supporting general interest projects that benefit local populations

Context

Convinced that dynamic regions are key to the success of its business model, in November 2017 the Group set up the Pierre & Vacances-Center Parcs Group Foundation, to boost regional vitality and forge community links. It only supports general interest organisations (associations, foundations, etc.) working on projects relating to at least one of the three following areas:

- nature and leisure for all;
- culture and local memory;
- social and professional integration.

The Foundation has an allowance of €250,000 per year and relies on volunteering by Group employees.

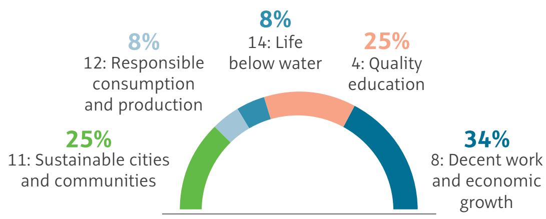
Policy and action plan

Each project supported by the Foundation must be located within a 50 km radius of one of the Group's holiday sites. This strong geographical proximity enables the Group to involve employees in specific initiatives in their local area, which they care about and for which they are motivated to act.

In 2018/2019, the Foundation supported 12 projects (almost 50% of which had already been financed in 2017/2018) to which it has allocated €20,000 on average. It has intensified its initiatives and continued to create local synergies with associations and employees.

This financial support enables the Foundation to contribute to the Sustainable Development Goals of the United Nations:

SDGs addressed by projects supported by the Foundation



To support this strategy, this year the Foundation developed the following communication tools:

- a separate website to showcase the Foundation's work: fondation.groupepvcp.com;
- a clip introducing the Foundation, its mission and its areas of work;
- in-house tools that enable employees to learn about the Foundation's identity and the processes for selecting projects.

Results

Among the 12 projects supported by the Foundation in 2018/2019, the following four projects are a particularly good illustration of the work that has been done:

Name of the project supported	Location	Ambition	Local synergies	Number of employees involved
Akindo/Work hard Chill hard	Lommel in Belgium, near Center Parcs De Vossemeren	Creation and consolidation of a programme to help young people aged 13 to 30 access regional leisure and vocational training opportunities.	◆ Career workshops led by employees of Center Parcs De Vossemeren ◆ Young people can spend time relaxing at Center Parcs. ◆ Community team building organised by the Center Parcs management team to help the association organise its summer activities. ◆ A charity run by employees in aid of Akindo which raised an extra €2,000 for the association.	◆ 4 ambassadors organised the "Run for Akindo" with around 200 participants. ◆ 10 employees organised a community team building event. ◆ 4 employees helped organise a careers day.
La Source-La Guéroulde	Near Center Parcs Les Bois Francs	Gives families who are geographically and socially isolated the chance to engage in the plastic arts and go on cultural outings.	◆ A meeting room at Les Bois Francs was made available for a week-long art workshop for 16 parents and children. ◆ Installation of a fresco at the entrance of Les Bois Francs ◆ Hosting of an art exhibition featuring works by beneficiaries of the association.	◆ 3 ambassadors organised events with the beneficiaries of the association.
Sauvegarde des Forêts Varoises/ Copains	In Porquerolles, near Pierre & Vacances Presqu'île de Giens	◆ Preservation of ancient Porquerolles tree species and management of organic market gardening by workplace inclusion employees. ◆ Introduction of a culinary transformation laboratory and launch of the "Les Jardins de Porquerolles" organic produce brand.	◆ A half-day community team building event run by local teams to help the association with harvesting and weeding. ◆ Throughout the summer: a weekly sale of "Les Jardins de Porquerolles" produce at Pierre & Vacances residences. ◆ Creation of a Porquerolles tourist map handed out to customers to tell them about the Copains project. ◆ One Copains beneficiary employed at Pierre & Vacances on a fixed-term contract.	◆ 1 ambassador organised a community team building session with 16 employees.
La Ruche Marseille/ Passe la 3e!	In Marseille, near Adagio Marseille	Creation of an entrepreneurship programme for residents of disadvantaged areas of the city of Marseille.	◆ Provision of 50 places at La Ruche Marseille co-working space for Adagio customers and employees. ◆ 2 x 2-hour training sessions on business negotiation and management techniques led by Adagio employees.	◆ 1 ambassador organised two skills sponsorship training sessions.

In 2018/2019, almost 80 employees took part in one of the Foundation's initiatives, and were able to discover a new way of investing in their region.

Center Parcs Europe organizes many activities throughout the year to increase awareness of customers (children and adults) about the preservation of nature. The Kids Climate Conference was held for the 8th consecutive year in partnership with the Missing Chapter at Center Parcs Hoch Sauerland (Germany). This event aims to raise the awareness of children from surrounding schools to the issues of climate change. The proposals that emerged from it were submitted to the mayors of the communes.

In addition, Center Parcs Bispinger Heide organized the "Naturcampus" in collaboration with the Lüneburger Heide Nature Park Association in September 2019. This event, which brought together 90 children, offered them the opportunity to explore nature under the following themes: the wolf, the Lüneburger heather, the bee and climate change.

4.4 Being exemplary in the course of our business

4.4.1 Acting as a responsible employer

4.4.1.1 Our HR strategy and values

Human resources are central to the Group's performance and the tourism activity accounts currently for 85% of jobs. The challenge is to manage the development of our business lines, expertise and corporate culture to support:

- the growing digitalisation of the tourism sector, with customers increasingly booking, reviewing and recommending holidays online, fuelling the demand for IT professionals (developers, data analysts, UX/UI designers, cybersecurity experts, etc.);
- the flexibility on arrival dates offered to our customers requires greater agility from reception and housekeeping staff in particular;
- the competition in the holiday rental market, leading to a change in the owner relationship;
- the internationalisation of the market with new sites opening in China, requiring us to develop our global expertise;
- the development of the business model, with the growth in "contract management" and franchises;
- increased customer demand for high-quality, up-to-date products and services.

This transformation requires team commitment and engagement and a Group culture underpinned by two key values: "to enable togetherness" and "to be responsible entrepreneurs".

Policy

To support this change, the Human Resources Department is implementing a strategy based on the following pillars:

- attracting and hiring new talent and skills within the Group;
- developing the talent and skills of teams;
- ensuring that teams are committed to the Group's values.

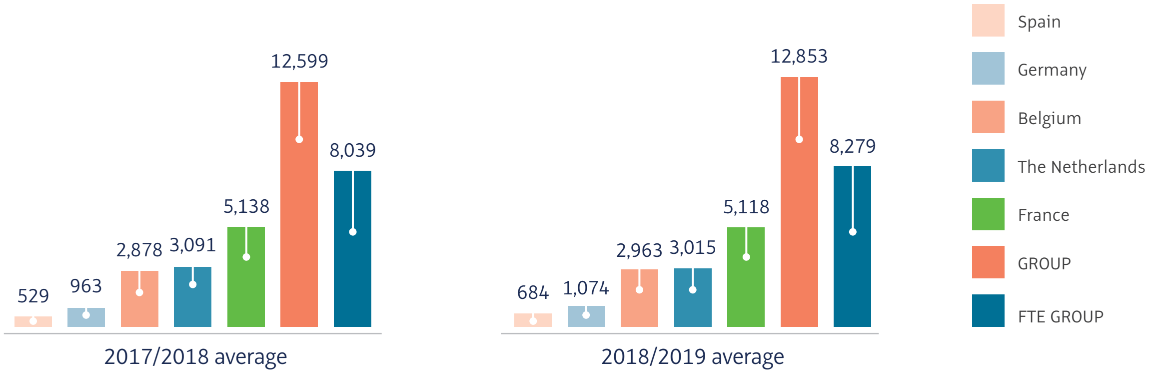
The policy, actions implemented and results achieved during the year for each of these pillars are detailed below.

The Group's profile

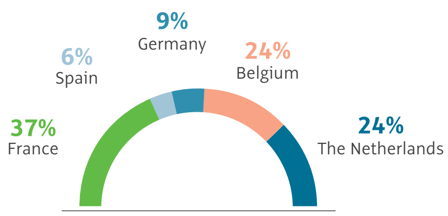
The Group's activities require the expertise of different business lines:

- tourism operations: front desk, reception, maintenance, renovation, security, housekeeping, swimming pools, events management, site management, operational control;
- property development business lines: property development and promotion, property marketing and managementand relationships with the owners;
- support functions: marketing, finance, IT services, purchasing, legal, human resources, communication, sustainable development, security;
- business functions, digital, analytics and customer relations.

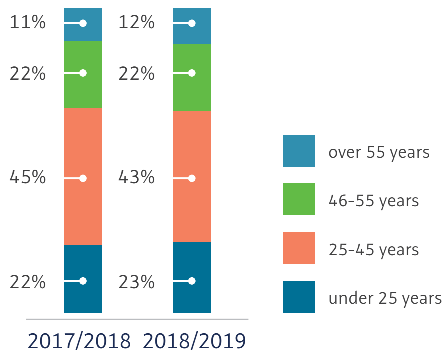
Average annual headcount by country and average annual Group headcount by full-time equivalent



Distribution of average headcount by country

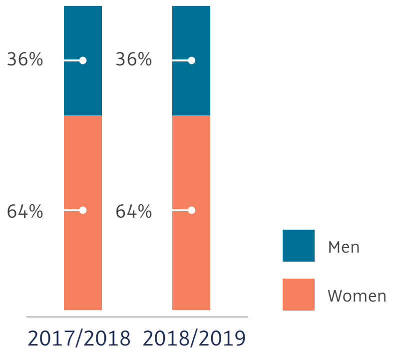


Breakdown of headcount at 30 September by age range

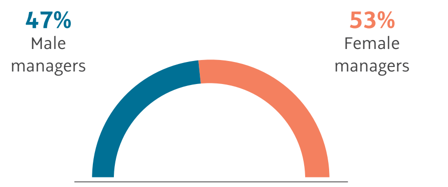


Key employment figures within the Group

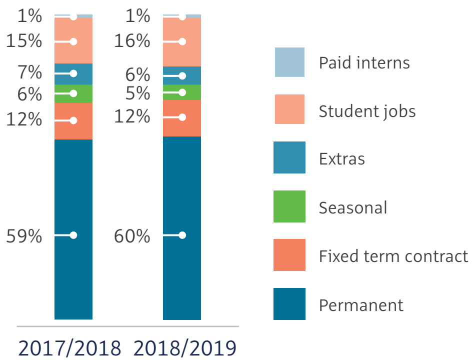
Breakdown of headcount by gender



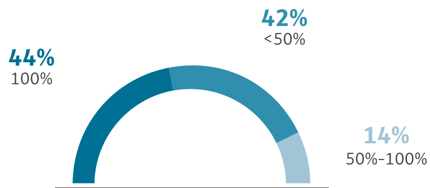
Proportion of women in management at 30 September 2019



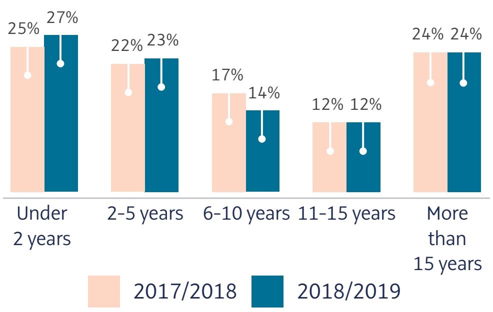
Breakdown of employees by contract type



Breakdown of contracts by rate of ativity



Breakdown of headcount at 30 September by seniority

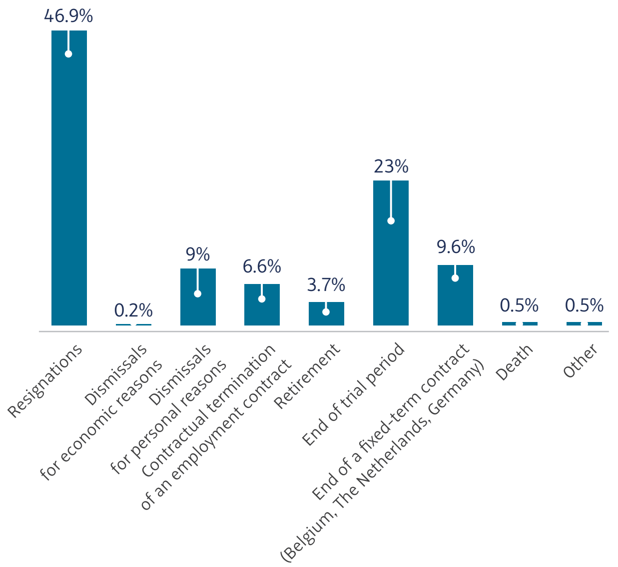


The turnover rate of 20.8% this year is slightly higher than last year (19.1%). The increase is due to numerous employees leaving and joining the Group on account of:

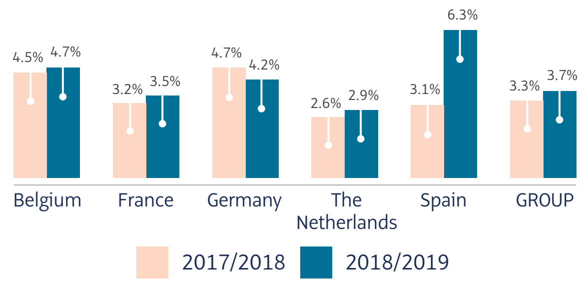
- site openings (Les Senioriales in Sainte-Marie (Réunion, France), Allgäu in Germany, Eurobuilding (Spain);
- new organisations deployed at head office (notably PVCI and some support functions);
- the increasing business activity of the Villages Nature®;
- the highly competitive labour market in some countries, particularly the Netherlands.

Turnover rate	2017/2018	2018/2019
Number of new staff	1,924	2,312
Number of departures	2,110	2,293
TURNOVER RATE	**19.1%**	**20.8%**

Breakdown of departures by reason in 2018/2019



Absenteeism rate



The absenteeism rate has increased slightly, from 3.3% in 2017/2018 to 3.7% in 2018/2019. The reason for this trend is the higher rate in Spain due to the increase in absenteeism periods of employees on temporary contracts.

4.4.1.2 Attracting and hiring talents

Context

Given the strong labour market in most of the countries where the Group operates, the Group has had to rethink its approach and employer image to attract and hire new talents.

Policy and action plan

During the 2018/2019 financial year, the Human Resources Department continued to refine and strengthen the Group's value proposition as an employer.

During the year, the Human Resources Department intensified the work on the employer brand, the aim of which is to:

- ensure that the Group stands out from its competitors with a clear identity resulting from:
  - a precise definition of the employer brand platform,
  - the launch of an online toolkit enabling field-based recruiters to create their own recruitment tools (posters, billboards, social media, etc.) for local recruitment campaigns. A total of 120 tools are available, covering a wide range of requirements,
  - updating our employer identity using photo shoots of employees from all over Europe to increase the authenticity of national recruitment campaigns;
- boosting applications through targeted recruitment campaigns with:
  - a brand new recruitment strategy using job boards (specialised job sites such as LinkedIn, Indeed, Xing, Job Teaser and Welcome to the Jungle) and social media (recruitment video aimed at cleaners, lifeguards, etc.);

- improving the Group's image and reputation on social media by:
  - enhancing the Group's reputation on LinkedIn with a dedicated page (25% increase in followers during the 2018/2019 financial year),
  - creating the hashtag #PVCPTeam, giving employees a voice so that they can be ambassadors for the Group's employment pledge on social media.

The Group is testing new ways of recruiting for certain technical roles using immersion, site tours, meetings with future colleagues and a fast-track application process, rather than the traditional CV and covering letter.

Seasonal workers, human capital to be developed for Pierre & Vacances

Hiring staff on seasonal contracts is essential for Pierre & Vacances residences to run smoothly and cope with busy periods during the high season. Pierre & Vacances employs 700 seasonal workers in winter and 1,200 in summer. Because they are the key to a successful season, all seasonal workers take the Work@PV integration and development program, which provides them with 4,000 hours of training each year. The course consists of an integration session, training course with the culture and practices at Pierre & Vacances, and an end-of-season appraisal during which they receive feedback about their performance and have the opportunity to share any ambitions they might have to develop or move elsewhere within the Group. The retention rate for seasonal workers is 49.8% for the Pierre & Vacances business line.

KPI

49.8%: retention rate for seasonal workers (up from 45% in 2017/2018). This corresponds to the percentage of seasonal workers who have already spent a season working for Pierre & Vacances France either that year or in the previous year. It represents a change in scope and definition compared with the previous year, since in 2017/2018 the definition was as follows: "Proportion of seasonal workers who worked at least one season in year N and at least one season in year N-1".

4.4.1.3 Skills development

Context

Skills development is a fundamental challenge for supporting the transformation of our business lines. The Group is keen to develop and invest in its human capital by employing teams who are committed and ready to learn new skills.

Policy

Skills development is largely based on a training policy that facilitates the growth of the business lines. The policy consists of five strands:

- health, safety and environment;
- business line expertise;
- sales;
- customer relations;
- management and leadership.

Within each strand, the Group strives to develop its employees' cross-disciplinary skills in areas such as foreign languages and office technology. Training needs are identified in one of two ways:

- either the employee can request training during his or her annual appraisal;
- or the department in charge of development and training will decide, jointly with each business line, to train employees on a specific topic or policy (such as Happy Family Makers at Center Parcs).

During the 2018/2019 financial year, the majority of training actions helped to:

- facilitate the transformation of the business lines to cope with major changes;
- develop the skills of our employees so that they can respond to business challenges;
- build on the expertise of managers, who are key to enhancing team performance.

Action plan

Facilitate the transformation of the business lines to cope with major changes

- To support the digitalisation of our businesses, 41 employees from the IT, Tourism Sales, Digital and Innovation departments were trained in IT software, "agile" working methods and new graphic animation tools.
- Welcome@PV: a pilot project was launched for the reception team at the Pierre & Vacances Le Crotoy residence to assist the whole team (six employees) in the transition to more modern, open-plan and digital reception areas. The training enabled them to become familiar with the new reception layout and guided them through the new customer service procedure.

Training – key to meeting business challenges

- Center Parcs Europe: launch of the "WE ARE ALL" two-part cultural transformation programme, comprising "Happy Family Makers", which seeks to enhance the customer experience at all points of contact, and "Improving together", a version of the Lean methodology, which aims at improving working conditions and make employees more productive so that more time can be devoted to customers.
- Handling of complaints and abuse at Pierre & Vacances: more than 100 employees have been trained in handling disputes (communication techniques and the customer refund process, in the case of a straightforward complaint) and/or abuse (physical assault or verbal abuse). The aim of this training is to provide support for sites that are being upgraded, while at the same time teaching staff how to handle changes in customer behaviour.

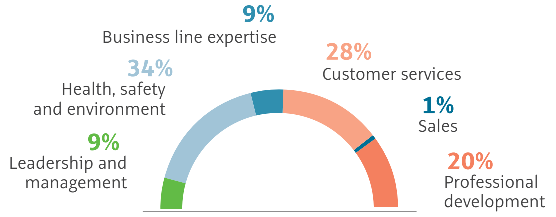
Making managers the key to team performance

- Convinced that the actions and skills of managers are essential to the Group's performance, PVCP is continuing its leadership and management training programme. Launched in 2014, the programme is based on a common framework of values: B-CORE (Best in Class/Client Centric/Ownership/Role Model/Entrepreneur). Two new modules have been added to the common framework of managerial values for local leaders and managers:
  - a module focused on "intrapreneurship" for Pierre & Vacances site and regional managers. The aim of this module is to encourage site and regional managers to envision new ways of working with local communities, creating business and development opportunities for their teams;
  - an intensive module on coaching and feedback techniques for local managers and middle management. In all, 27 managers have completed this training.
- Evaluating employee performance is one of the manager's key tasks in an effort to ensure continuous improvement. Fully digitalised via the Group-wide H@RIS tool and information system, the evaluation is formally carried out each year during the employee performance appraisal. In 2018/2019, 91% of our employees completed an appraisal. Lastly, HR and managers carried out a comprehensive talent review during the year. This was part of a Group-wide approach based on the 9box, which compares the level of performance and potential. This talent review was accompanied by an employee performance review – irrespective of their level of performance and potential – designed to develop and implement personal development action plans for Group employees.

Results

378 managers B-Core trained

Training hours distribution in 2018/2019



Total number of training hours

	2017/2018	2018/2019
Total number of training hours	69,446	92,573
Average number of training hours per employee	9.19	11.40
Proportion of employees trained	60%	63%
Proportion of women among trained employees	61%	64%
Training budget	€2,415,698	€3,131,305

4.4.1.4 Fostering employee engagement and satisfaction

Context

The Group is convinced that customer satisfaction is closely linked to the satisfaction and engagement of the employees who greet our guests and assist them on a daily basis. This is why, for the past few years, one of the pillars of our HR management policy has been employee engagement, which has a direct bearing on overall performance. The Group also believes that employees are more engaged in their work if they buy in to the Group's mission statement and its role within society.

Policy and actions

The Happy@Work approach requires all employees to be more engaged. This is a three-step programme:

- measuring employee engagement every two years using the Happy@Work questionnaire, which asks employees how they feel about their work environment;
- sharing and analysing the figures for each department in small working groups;
- taking action to improve engagement and job satisfaction. Following the previous survey in 2017, 600 actions were implemented by teams throughout the Group.

As part of this approach, the Group also organises events for its employees which enable them to socialise with and meet other colleagues. These events help bolster employee engagement while fuelling their search for meaning, a key driver of engagement. Each year, the Grand Tour Pierre & Vacances and Village Tour Center Parcs, conferences organised by each business line, annual 1Team1Time Group Leaders seminar and management seminars provide team-building opportunities where the Group can share its strategy during a day of discussion, brainstorming and communication around its future direction. Sportsday was attended by 1,400 employees from the Center Parcs Europe and Villages Nature® Paris sites. For two days, they took part in sporting events designed to foster team spirit and a sense of belonging and solidarity.

maeva.com, the Group's HR test bed

To be more agile in its operation and organisation, the maeva.com business line and the Group's HR Department have embarked on a project to transform maeva.com's HR policy in a bid to attract, hire, develop and engage staff who are younger, more agile and digital than elsewhere in the Group. Based on the results of this project, an engagement questionnaire was set up using the Peakon tool. Mirroring the Happy@Work concept, this weekly survey is sent to all employees so that the engagement of maeva.com employees can be continuously improved. The new tool offers more flexibility in terms of the rate at which employees are interviewed, and enables improvements to be implemented more swiftly.

Results

2019 Happy@Work results:

- participation rate: 74%, up 2% from the 2017 campaign;
- 82% of employees say they are satisfied with the company in general;
- 76% are proud to work for the Group;
- 70% believe their work contributes to their professional and personal development;
- 70% would recommend the Group as an excellent place to work.

4.4.1.5 Promoting access to work for all

Context

The Group takes the view that having an inclusive policy and tackling all forms of discrimination contributes to employee well-being and the creation of human value. Committed to employing workers with disabilities, the Group is continuing its efforts to tackle discrimination.

Policy, action plan and results

The Group has had a disability policy in France since 2005. The last disability agreement was signed in 2018 and covered 13 entities. It is implemented via the CSR and HR policies of the PVCP Group.

As part of its disability initiative (Mission Handicap), the Group has a proactive policy aimed at:

- supporting workers with disabilities;
- adapting the workstations of people with disabilities wherever necessary;
- informing and educating employees about disability;
- raising awareness of disability among recruiters and improving the direct employment rate;
- adapting workstations;
- encouraging the use of the protected sector in our purchasing processes and improving the indirect employment rate.

Mission Handicap is led by a dedicated team in charge of disability initiatives. The team has stepped up its communication and awareness actions and events: internally with initiatives at head office (testing employees on what they know about disability, updating information on the intranet, organising an information stand); activities on site (organising an information stand during the Grand Tour Pierre & Vacances 2019); a campaign to encourage staff to work with the protected sector through organisations helping people with disabilities into work (Support and Work Assistance Establishment).

Disability awareness day (DuoDay)

For the first time in May 2019, the Group took part in DuoDay, an event held throughout France. Employee volunteers were called on to form 17 duos: nine at head office and eight on site. Group employees spent the whole day mentoring someone with a disability who was looking for a job or a considering a career change via support organisations (Cap Emploi, Pôle Emploi, Support and Work Assistance Establishment, etc.). The aim of the event was to promote career opportunities within the tourism industry. For the employees, it was a chance to learn more about disability in the workplace and to overcome any prejudices. Employees and trainees alike gave very positive feedback on the day. Following the event, participants could choose to have their resume forwarded to the recruitment team to investigate potential job opportunities. The scheme also led to a work placement in reception and at the call centre at head office in September 2019.

There are 201 workers[(1)] with disabilities at Pierre & Vacances and Center Parcs France, equivalent to 3.9% of the in-scope workforce. This represents a marginal increase of 0.1 percentage points on last year. Efforts to tackle discrimination in general extend beyond France, with Center Parcs also taking steps to employ people with disabilities at its sites.

Employment of workers with disabilities – France.

	2017/2018	2018/2019
Proportion of employees recognised as workers with disabilities	2.8%	3.9%
Number of employees with disabilities during the year	147	201
Number of employees recognised as workers with disabilities recruited during the year	21	28
Number of adaptations of the working environment for employees with disabilities	0	13

(1) Figures for the period 1 January 2018 to 31 December 2018.

4.4.1.6 Promoting gender equality

Context

The proportion of female managers – an indicator that has been monitored for several years – remains high (and stable) within the Group's workforce. This year, the Group published the gender equality index, launched in 2019 to measure the gender pay gap.

Policy, action plan and results

Women make up 65% of employees (unchanged from the previous year) and 53.1% of managers are women. Women account for 63% of trained employees, which is consistent with their representation in the workforce.

Each year, equal pay indicators are shared with labour partners during the Statutory Annual Wage Negotiations. In accordance with the French law on the freedom to choose one's professional future, the gender equality index has been calculated for three Group entities:

- Pierre et Vacances (PV RESIDENCES & RESORTS France): 93/100;
- Center Parcs (UES Tourisme: CENTER PARCS RESORTS FRANCE and SNC DOMAINE DU LAC D'AILETTE): 93/100;
- UES SUPPORT (GIE PV-CP Services, PV-CP Gestion exploitation, PV-CP Distribution and PV Développement): 79/100.

All three entities exceed the threshold of 75 points, below which companies must take corrective action or face financial penalties.

4.4.1.7 Labour relations

The Group respects the freedom of association and the right to collective bargaining in the countries where it operates. Determined to foster a constructive labour relations, the Management regularly informs and consults staff representatives on key decisions taken. During the 2018/2019 financial year, several agreements were renewed:

List of agreements signed or renewed during the year:

Agreements	Scope	Year of signature	Duration of validity
Health Insurance Agreements	PVCI – UES Support – UES Tourisme – Pierre & Vacances Résidences & Resorts France	2018	Unspecified
Health insurance and welfare protection in the form of a unilateral employer declaration	SET Pierre & Vacances Martinique, SET Pierre & Vacances Guadeloupe, La France du Nord au Sud, Maeva gestion	2019	Unspecified
Record of the disagreement over the Statutory Annual Wage Negotiations	PVCI – UES Support – UES Tourisme, Pierre & Vacances Résidences & Resorts France	2019	Annual
Agreement for the Statutory Annual Wage Negotiations	SET Pierre & Vacances Martinique, SET Pierre & Vacances Guadeloupe	2019	Annual
Collective agreement to set up the Economic Social Committee (ESC)	PVCI – UES Support – UES Tourisme – Pierre & Vacances Résidences & Resorts France	2019	Unspecified
Agreement on electronic voting	PVCI – UES Support – UES Tourisme – Pierre & Vacances Résidences & Resorts France	2019	Unspecified
Equal opportunities action plan	PVCI – UES Support – UES Tourisme – Pierre & Vacances Résidences & Resorts France	2019	Annual
Pre-election Memorandum of Understanding	SET Pierre & Vacances Martinique	2018	4 years
Pre-election Memorandum of Understanding	SET Pierre & Vacances Guadeloupe	2019	4 years
Outsourcing of catering services	Center Parcs Les Ardennes + Sunparks Belgique (De Haan aan Zee + Oostduinkerke aan Zee)	April 2019	Not specified
Collective labour agreement concerning the tourism sector	The Netherlands	2019	2 years
Agreement on HR-Rodibus controlling	The Netherlands	2019	1 year
Willis Towers Watson Assurance santé	The Netherlands	2019	1 year renewable each year

4.4.1.8 Ensuring the health and safety of our employees

Context

The safety of our employees and customers is of the utmost concern for the Group, both from a health and business point of view. In the last two years, the two occupations most affected by accidents at work were technical staff and cleaners. The issue of operational risk is managed jointly by the Operational Risk departments and the Human Resources Department. A dedicated team specific to each business line has been set up within Center Parcs and Pierre & Vacances.

Policy

To guarantee a healthy, safe environment for all customers and employees in the Group's residences and resorts, the Prevention & Safety Operational Risk departments of Pierre & Vacances and Center Parcs have established a framework for action addressing the following three areas: anticipation, analysis and training/coaching.

Nine risk areas have been identified in accordance with the regulations:

- workplace health and safety;
- security;
- fire safety;
- accessibility;
- leisure activities;
- swimming pools;
- playgrounds;
- food safety;
- safe drinking water (legionella bacteria).

Action plan

For Pierre & Vacances

The Operational Risk – Prevention and Safety manager manages risk in France and Spain. He is represented at a regional level by two prevention and safety officers in each operational department. Each Pierre & Vacances and maeva.com site has a single regional contact person for all the risks identified.

The target is a 30% reduction in workplace accidents by 2022. In Spain, Pierre & Vacances is seeking to maintain the accident frequency and severity rate. The trend is positive, since the number of accidents in France and Spain fell by 26% during the year. This decrease reflects the efforts made in:

- awareness-raising and training:
  - training specific to each business line: housekeeping, reception, engineering, events management, lifeguards. 163 employees received training on ergonomics and body mechanics in an effort to reduce workplace accidents,
  - an awareness day was held at the group's head office with seven workshops on occupational health and safety (fire safety, first aid, cardiovascular risks, welfare, workstation ergonomics, virtual reality). 550 employees took part,
  - training of all seasonal workers: a charter summarising the seven safety pillars has been published to raise awareness among employees working in our residences during the season;
- prevention: audits were carried out at 40% of residences in France and Spain;
- the first phase of work to improve the accessibility (for disabled people) of our buildings was completed as part of the Scheduled Accessibility Program. 40% of public buildings are yet to be upgraded by 2021;
- management and reporting: a monthly report is sent to Pierre & Vacances management and employees.

Using safety briefings to prevent accidents

Safety briefings are short, informal meetings where participants share information on a specific health and safety topic. Each month, the Prevention & Safety department sends a document to organise them on-site. These opportunities for discussion are part of a participatory and feedback-based approach in line with our Health and Safety policy. Lasting around 10-15 minutes, the safety briefings can be led by the various team leaders or site manager. During the year, invitations to hold safety briefings were also sent to employees at head office, with information on topics such as how to use new forms of mobility (e.g. electric scooters) safely, or on what measures to take during a heat wave.

For Center Parcs

Risk management is the responsibility of the head of operational risk at Center Parcs Europe. He is assisted by four national managers (one in each country of operation, i.e. Germany, Belgium, the Netherlands and France). These national managers work closely with the SHE managers (Safety, Health, Environment) at each Center Parcs site.

The safety policy and procedures are communicated to staff in order to reduce accidents at the sites.

Results

Frequency/severity rate of workplace accidents – Group

	2017/2018	2018/2019
Frequency rate	32.2	34.9
Severity rate	1.38	1.47

4

4.4.2 Implementing a responsible purchasing policy

Context

Totalling around €742 million during the 2018/2019 financial year, purchasing is a key performance lever for the Group in terms of its CSR. The Purchasing Department manages only part of the Group's purchases.

The Group published its vigilance plan for the first time this year and has decided to step up its supplier audits.

Policy and action plan

The Purchasing Department has introduced a responsible purchasing policy based on four pillars:

- purchasing responsible products and services for our brands;
- building a responsible supplier database;
- improving our relations with subcontractors and suppliers;
- being a long-term economic partner to the regions.

During the financial year, the Group made 92% of its purchases from European suppliers, 46% from French suppliers and less than 1% from suppliers in countries considered to be "at risk", notably China.

Purchasing responsible products and services for our brands

During the year, the responsible purchasing specifications were adapted to become CSR criteria, which have an impact on tender specifications. The CSR criteria are derived from the Group's CSR strategy, CSR risk mapping on supply chains, and the commitments undertaken by the business lines. Risk areas have been identified for high-risk purchasing categories:

Purchasing categories	Risk areas
Maintenance	Environmental risks
Chemicals and cleaning products	Environmental and Human rights risks
Laundry, cleaning and temporary employment services	Environmental and Human rights risks
Building trades	Environmental and Human rights risks
Linen	Environmental risks
Single-use products	Environmental risks
Indoor and outdoor furniture	Environmental and Human rights risks
Maintenance work and upgrades, water purification, drinking water maintenance	Environmental risks
Uniforms and protective clothing	Environmental and Human rights risks

Approved in June 2019, the CSR criteria are applied to all new contracts and contracts up for renewal by Purchasing on the Operations and Construction sectors. These criteria affect the contracts signed by the Purchasing Department and contribute to the Group's CSR targets. For example, if a supplier is unable to confirm that it meets the CSR criteria, it is excluded from the tendering process.

Building a responsible supplier database

The "CSR supplier pre-qualification" is now outsourced to an independent third party. When a supplier or service provider is selected by the Purchasing Department, its CSR performance is assessed using three questionnaires (see vigilance plan).

Relations with subcontractors and suppliers

The Pierre et Vacances Center Parcs Group has held the Responsible Supplier Relations Label since 2016. In 2019, the Purchasing Department renewed its Responsible Purchasing and Supplier Relations Label for another three years. The label's criteria have been updated and extended following the introduction of ISO 20400, the international standard on sustainable procurement. In addition to the label, the Group has achieved a "convincing" level of maturity under the standard.

The average payment time for the Tourism France scope is 46 days. The increase of five days is largely due to the two entities at head office which have been added to the scope of analysis.

Each year, the Purchasing Department polls a representative sample of the supplier panel to ascertain how satisfied suppliers are with their business dealings with the Group. The results of the 2019 survey "Suppliers, your opinion matters" were as follows:

- 64% of suppliers are satisfied with their business dealings with the Group;
- more than 85% of suppliers think that the tendering process is clear and fit for purpose;
- suppliers believe that more emphasis could be given to CSR issues in calls for tenders. The Pierre & Vacances Tourism Committee has therefore approved the CSR criteria for several purchasing categories.

Being a long-term economic partner to the regions

In the construction phase

The Group is keen to have a positive impact on the local economy, for example by partnering with companies based less than 150 km from the point of consumption of services when developing new sites. During the last financial year therefore, 84% of construction purchases were made within 150 km of the construction site (compared with 73% in the previous financial year).

In the operational phase

On average, 32% of purchases made during the operational phase at the five Center Parcs France sites (excluding Villages Nature®) were made within 150 km of the site.

Results

- The amount spent with suppliers from the protected and adapted sector stood at €316,000 excluding VAT in 2017/2018 (compared with €259,000 excluding VAT in 2017/2018).
- The 306 suppliers selected by the Purchasing Department during the last financial year were asked to complete various questionnaires to assess their CSR performance. Micro and small enterprises are generally less mature in terms of CSR than medium-sized and large enterprises.

Type of questionnaire	Micro/small and medium enterprises	Medium-sized/large enterprises	Anti-corruption
Percentage of suppliers that responded to the questionnaire	11%	26%	27%
Average score obtained/100	27/100	59/100	39/100

Eco-labelled products made up 31% of the cleaning products available to Pierre & Vacances in 2018/2019, up from 12% in 2017/2018.

4.4.3 Improve the environmental performance of sites

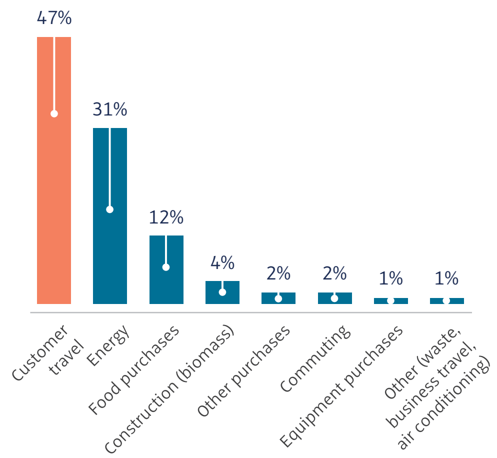
4.4.3.1 Climate action

Context

Climate change is a major challenge for the tourism sector. On the one hand, tourism companies contribute to it by building new facilities, , and by providing transport, lodging and meals for holidaymakers (generating greenhouse gases). The tourism and property development sectors contribute 8% and 30%, respectively, to greenhouse gas emissions in the world. In addition, weather phenomena (decreasing snowfall, natural catastrophes, etc.) are having an impact on the destination choices of tourists.

The carbon assessment prepared by the Group has identified the areas which have the greatest impact (see chart below from the Group's 2016 Carbon Assessment).

Breakdown of CO_2 emissions sources (tCO_2e) - 2016 Carbon Assessment



Customer travel to our sites and energy consumption accounts for nearly 80% of the Group's greenhouse gas emissions.

As a result, the Group has committed to energy transition by:

- taking action on asset resilience (via building certifications);
- working to decrease its carbon footprint;

- including renewable energy sources in new building projects;
- promoting local tourism.

The group launched its strategy on the reduction of Greenhouse Gas emissions. The results will be disseminated next year.

Policy and action plan

The Group is committed to the fight against climate change throughout the value chain:

- in the construction phase: by implementing an eco-design approach for the residences it builds. The goal is to achieve environmental performance for buildings which meets the required certification for all new building projects in France (High Environmental Quality) and similar standards for all projects in Europe (DGNB in Germany for instance) and China (in the latter country, the Group provides consulting only) and to include a significant share of renewable energy production;
- in the operational phase: by monitoring the greenhouse gas emissions generated by the Group's energy consumption and by implementing actions to reduce them.

In the development phase

Three construction projects are under way:

- the Center Parcs Lot & Garonne Les Landes de Gascogne (400 cottages – delivery in 2021) will be "HQE Aménagement" certified (High Quality Environment certification in building and landscaping) to ensure the project's environmental performance and to address economic and societal concerns (integration in the region, consultation measures, etc.). With respect to the low-carbon strategy, the project intends to provide 80% of the village centre's heating needs with renewable energy (wood heat). The cottages are targeting E+ C- certification which guarantees the energy performance of the buildings and a low carbon footprint. In addition, no air conditioning is planned for the water park or for the cottages – ventilation systems will be installed;
- although they do not have an environmental certification, the two construction projects in the mountain region, which will be delivered in the winter of 2020/2021, will be energy efficient.
  - The Pierre & Vacances Premium residence at Méribel (Hévana) (85 units) is energy efficient as a result of its limited energy loss thanks to compact architecture, mineral wool exterior insulation, high-performance windows and low energy requirements and thanks to its bioclimatic architecture (building oriented to limit heating needs).
  - At the Pierre & Vacances Premium residence at Avoriaz Crozats (37 units), 100% of heating and hot water needs will be provided by renewable energy (connection to the Avoriaz wood heating system).

The indicator on environmental certification of construction covers projects delivered during the fiscal year. No project delivery has been made this year, as a consequence it is not published.

In the operational phase

The Group addresses the two main sources of greenhouse gas emissions by:

- improving the energy performance of sites;
- promoting local tourism.

Reducing energy use-related CO2 emissions

Energy use-related CO_2 emissions were up slightly (188,538 tonnes of CO_2e) in 2018/2019. The increase was the direct result of the increase in energy consumption at Center Parcs Europe sites (see 4.3.3).

Actions have been undertaken within each business line to manage energy consumption and promote the use of renewable energies (see Chapter 4.3.3). In addition, the installation of renewable energy equipment is studied for each new project. Center Parcs intends to increase the use of renewable energies (target to be defined); Villages Nature® Paris tends towards carbon neutral on the energy consumption thanks to its use of geothermal energy.

Results

100% of construction projects use renewable energy (the KPI used covers the projects delivered during the financial year. It was not published this year as there were no deliveries).

Volume of CO_2 emissions from energy consumption managed by the Group	**CP**		**PV**		**Group**	
	2017/2018	**2018/2019**	**2017/2018**	**2018/2019**	**2017/2018**	**2018/2019**
Number of sites included in the scope	25	26	159	153	184	179
GHG emissions *(in tonnes of CO_2 equiv.)*	161,005	172,808	17,124	17,274	178,129	190,082

Scope: same as energy volumes. Usage by heating networks is not included.
Calculation based on the ADEME Carbon Assessment tool (version 7.5 of 15 January 2016).

Capitalising on the proximity and accessibility of our sites

Since its creation, the Group's strategy has been to promote local tourism by developing tourist sites located near towns and cities. Pierre & Vacances sites are designed for local holidays. When a Center Parcs is designed (regardless of whether it is located in Europe or China), the trading area is calculated based on a maximum travel time of 2.5 hours. The Group is working to reduce the carbon impact of customer transport in several ways:

- ongoing research into solutions to facilitate access to its sites via public transport (partnership with the SNCF, ride sharing platform, etc.) and mobility solution alternatives to cars during stays (promotion of bicycle routes, organisation of excursions, etc.);

- roll-out plan for electric vehicle charging stations on Center Parcs sites. Initiated at the start of the financial year, this programme will provide 100% of Center Parcs with electric charging stations by the summer of 2020. As of the end of this financial year, 52% (13 of 25) Center Parcs are equipped with charging stations for electric vehicles.

The Group is also providing solutions for employee mobility: head office mobility plan in progress, travel policy, shuttles for employees at certain Center Parcs sites. The Group has updated the service vehicle fleet by adding electric and hybrid vehicles.

4.4.3.2 Certification of our villages and residences

Context

Among the changes affecting tourism, increasing collective awareness of environmental and social impacts are major issues that need to be tackled. Customer appetite for information enabling the selection of environmentally-responsible tourist destinations is growing.

Policy and action plan

In order to improve the environmental quality of our sites, the Group is using the leading international environmental label for tourist lodging and restaurants: Clef Verte certification. It guarantees respect for the environment and for people via the implementation of environmental, social and societal criteria. The certification process also encourages certified residences to implement a continuous improvement approach given that improvements are identified during each audit.

The Group has set itself the following goals for the 2018/2019 financial year:

- Clef Verte certification for all of its Premium and Villages residences in mainland France as part of its "Faisons plus ensemble" environmental policy;
- certification of all of its Center Parcs resorts (including Sunparks and Villages Nature®) as part of the Naturall program.

Results

- Pierre & Vacances: 100% of Premium residences and 90% of Villages certified Clef Verte in France.
- Center Parcs: 100% of resorts certified Clef Verte in France.
- 33% of Group sites certified.

Rental category	Sites certified Clef Verte	Percentage of sites certified compared to the total number of sites in the category (in mainland France for PV)
PV Village	9	90%
PV Premium	24	100%
PV	19	22%
Center Parcs (including Sunparks)	5	19%
TOTAL	**57**	**33%**

4.4.3.3 Sustainable operation of our sites

Context

According to a 2018[(1)] study led by Booking.com, over two thirds (68%) of travellers plan to stay in an environmentally-friendly rental, compared to 65% in 2017 and 62% in 2016. This increase shows that our customers expect our residences to be sustainably managed. The heat waves and drought suffered in the summer of 2019 by the countries in which the Group operates (Germany, Belgium, France, Spain and the Netherlands) raised awareness among people of climate issues and of the need to manage water and energy consumption.

Policy and action plan

Water use

The environmental policies of the Group's brands provide for:

- Naturall: a 25% decrease in water consumption (ratio by rental night) between 2010 and 2022;
- Faisons plus ensemble: a 15% decrease in water consumption (ratio by rental night) between 2014 and 2022.

An experiment was carried out at Villages Nature® Paris to encourage our customers to reduce their water consumption each time they take a shower. Connected shower heads were installed in 57 cottages (114 shower heads). A shower uses an average of 40 to 60 litres of water. Thanks to a light display, the intelligent shower head shows the amount of water used in real time. A red light indicates when the shower has used more than 30 litres of water.

After six months, the experiment results recorded that our customers used an average of 26.11 litres of water for their shower. After raising customer awareness, the volume was reduced by 10% to 23.46 litres on average.

(1) https://globalnews.booking.com/where-sustainable-travel-is-headed-in-2018/

Targeted action on sites identified as medium or high risk for water resources (overall risk)

During the year, the Group developed a water stress study using the World Water Resources (WRI) Aqueduct tool for Center Parcs, Pierre & Vacances and maeva.com. The study identifiedthat 29% of sites were located in "very vulnerable" or "vulnerable" areas. These are residences located in Spain, in the Mediterranean basin, and some Center Parcs in Belgium, Germany, the Netherlands and France [(1)]. A report on the analysis was provided at a Pierre & Vacances Executive Management Committee meeting to raise the awareness of the operational teams. Awareness-raising actions were identified with the teams responsible for facilities management, renovation and the SOGIRE (co-ownership syndicate).

Concrete action was also taken on sites, for example, the installation of a rain water recovery tank at the Amara residence in Avoriaz.

Energy use

The Group has implemented an energy consumption reduction policy via its brands:

- The Naturall programme plans to:
  - achieve a 25% reduction in energy consumption per person per night between 2010 and 2022,
  - increase the use of renewable energies (including the production of renewable energy on site and the purchase of green energy).

To date, renewable energy accounts for 16.1% of Center Parcs Europe's total energy consumption (in kWh).

Share of renewable energies gross consumption	In kWh
Share of renewable energies produced on sites	7.5%
Share of renewable energies purchased (as part of green energy contract)	8.5%
Share of renewable energies (over Center Parcs Europe's total energy consumption)	16.1%

- the goal of the "Faisons plus ensemble" programme is to reduce the energy consumption per rental night at Pierre & Vacances residences by 20% between 2014 and 2022.

At Center Parcs, the energy management approach is rolled-out jointly with the ISO 14001 (environmental management system) and ISO 50001 (energy management) certification processes.

Pierre & Vacances is continuing to improve its energy efficiency efforts by replacing equipment and carrying out preventive maintenance on installations. This includes, for example, a remote heating management system for the residence at Val Thorens (France) to reduce electricity consumption and a project to monitor water leaks based on threshold alerts at the Saint-Anne de Guadeloupe site.

Actions intended to better manage our energy consumption have been implemented on several Center Parcs sites:

- installation of a power co-generation system at Bostalsee (Germany) and De Vossemeren (Belgium);
- installation of a remote metering system at De Eemhof (the Netherlands) to ensure more reliable water and electricity consumption readings;
- a new air treatment system has been installed in the central equipment at Vielsam and De Haan (Belgium);
- various technical installations have been improved thanks to the installation of frequency regulators and measurement systems;
- new, more efficient boilers have been installed at three parks;
- intelligent thermostats have been installed at Bispingen (Germany).

Results and KPIs

Total volume of water and energy used by the sites, managed by the Group	2017/2018			2018/2019		
	CP	PV	Group	CP	PV	Group
Number of sites included in the scope	25	159	183	26	153	179
TOTAL WATER *(M^3)*	**3,592,045**	**1,854,936**	**5,446,981**	**4,103,211**	**1,836,705**	**5,939,916**
Volume of water (m^3)/night[(1)]	0.86	0.59	0.74	0.92	0.60	0.78
TOTAL ENERGY *(IN MWH)*	**705,963**	**146,948**	**852,911**	**765,253**	**139,836**	**905,089**
Volume of energy (kWh)/night[(1)]	170	47	117	171	46	120
Electricity *(in MWh)*	167,767	112,965	280,732	163,071	106,690	269,760
Gas *(in MWh)*	493,782	12,176	505,958	544,597	14,635	559,232
Wood heating system & geothermal energy *(in MWh)*	44,414	0	44,414	57,585	0	57,585
Fuel oil *(in MWh)*	0	7,187	7,187	0	6,548	6,548
Urban heat *(in MWh)*	0	14,620	14,620	0	11,963	11,963

(1) Nights: an accommodation rented for one night represents one night, irrespective of the number of occupants.

(1) Given that there is no data from the Aqueduct tool for the sites located in the French West Indies, the island of Réunion, Mauritius and the Greek islands, they have not been analysed.

Pierre & Vacances scope

At Pierre & Vacances sites, there has been a decrease in energy consumption per rental night due to the rise in winter temperatures, resulting in a drop in electricity consumption at our mountain residences. The total volume of energy consumed has decreased due to the reduction in the scope of operations (from 159 to 153 sites). The ratio of volume of water consumed per night has decreased slightly (from 0.59 m^3/night to 0.60 m^3/night). This increase can be explained mainly by the heat waves during summer (which led to an increase in the volume of water associated with watering).

Center Parcs scope

The increase in water consumption is the result of the high consumption at Villages Nature® (which has the largest outdoor swimming pool of business line Center Parcs), water leaks, water quality issues and renovation work at certain parks. The total volume of energy consumption increased due to the opening of Allgaü and increased occupancy (+7.2%). The volume of energy per rental night remained virtually the same (171 KWh/night compared to 170 KWh/night in 2017/2018) thanks to the investments made (co-generation systems, renovation of certain installations).

The European Center Parcs sites are certified ISO 14001 and ISO 50001, attesting to the efficiency of the energy and environmental management system:

- 77% of Center Parcs sites are certified ISO 50001;
- 77% of Center Parcs sites are certified ISO 14001.

This approach was extended to the Sunparks sites in 2018/2019.

4.4.3.4 Reducing waste and promoting the circular economy

Context

The collection and processing of waste generated by operating our sites is one of the Group's major concerns. The average waste produced per customer per night at our Center Parcs sites is 1 kg. Pierre & Vacances customers are aware of the importance of reducing and better recycling waste. They confirmed their desire to improve waste sorting at our residences in our customer satisfaction survey.

Policy and action plan

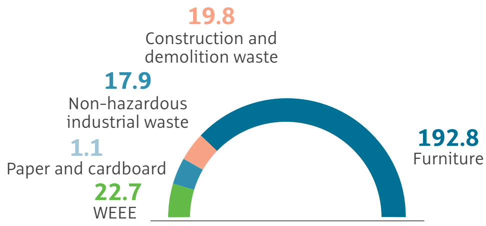
In the construction and renovation phase: ensure the proper management of construction waste

The Group implements waste sorting and recycling at its various construction sites. Although recycling waste is a major concern of the teams, the green construction site approach could not be implemented in the two construction projects under way in France (Hevana, Crozats) for internal organisation reasons.

The renovation projects account for a significant share of the business activity and the Group is implementing a policy to promote the reuse of materials and circular economy.

Furniture and electrical and electronic waste (WEEE) are recycled via specialised channels which are managed by eco-organisations which the Group contacts for each renovation job. In 2018/2019, 254 tonnes (131 tonnes the previous year) were collected via these organisations in France. The increase is the result of improved monitoring carried out during the financial year in France. On average, 194 kg of waste are generated for each renovated flat (see distribution below).

Overall tonnage by type of renovation waste in 2018/2019



In the operational phase

Center Parcs

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.

A commitment was made to recycling as part of the Naturall policy: 40% of waste sorted in 2018/2019 and 60% of waste sorted by 2022. The 2022 target includes a reduction in the volume of waste generated (goal of 0.9 kg per customer per night by 2022).

On the Center Parcs sites, cooperation with private waste management service providers means that waste can be monitored at each site. However, the Group is dependent on the reports provided by each service provider. Discrepancies in reporting reliability were observed according to the service providers. Works to improve data reliability are underway.

This target is staggered over the next few years and is included in the environmental programme of each site and in ISO 14001 certification.

Pierre & Vacances

All Pierre & Vacances residences are equipped to enable customers to sort their waste (household waste, cardboard and plastic packaging, glass). The waste is collected by local authority services; Pierre & Vacances does not have any information about quantities. A study was launched during the financial year to obtain a clear picture of waste sorting practices at Pierre & Vacances residences. The results, to be provided in 2020, will enable updating of the services implemented to increase the rate of sorting.

Results

In 2018/2019, the sorting rate across all Center Parcs sites in Europe reached 43% (up compared to the previous year: 39.7%). The increase was due to the very high rate of sorting at the Allgaü (Germany) site which opened in October 2018 and is equipped with a very innovative collection and sorting system.

The volume of waste per night per person is 1.02 kg.

Operations: waste sorting volume and distribution figures

Volume and waste sorting rate – Center Parcs	2016/2017	2017/2018	2018/2019
Number of sites	24	25	26
Total (in tons)	17,190	19,129	19,495
Recycling rate	34%	40%	43%
Volume of waste produced per overnight stay *(kg/night/person)*	0.99	1.11	1.02

Breakdown by waste type – Center Parcs	2016/2017	2017/2018	2018/2019
Non-hazardous industrial waste – unsorted	66.5%	60.2%	57.0%
Glass	9.1%	11.1%	8.7%
Cardboard/paper	10.2%	10.3%	7.4%
Biodegradable waste	12.0%	8.9%	16.9%
Other non-hazardous waste – sorted	2.0%	9.5%	9.9%
Hazardous waste	0.2%	0.03%	0.2%

Scope: Center Parcs and Sunparks in France, Belgium, the Netherlands and Germany and Villages Nature®.

4.5 Data collection methods

4.5.1 Reporting scope

The reporting reference year runs from 1 October 2018 to 30 September 2019.

The Adagio brand's social and environmental reporting is included in the AccorHotels Registration Document as the brand signed up to that Group's sustainable development programme in 2015/2016.

4.5.2 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;
- information and indicators monitored by the departments in question and forwarded for reporting purposes.

4.5.3 Data collection methods

Employment data (Section 4.4.1)

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 0.4% 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 country. Various data controllers coordinate raw data collection *via* payroll or HRIS tools, or monitoring tools specific to each country. Indicators are then consolidated by country and on a Group-wide basis.

Environmental data (Section 4.4.3)

Reporting scope

For environmental data, the reference scope consists of all of the Group's operational units marketed for over a year as at 30 September 2019, 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 water and energy consumption 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. The strategic support team at head office 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 2019/2020 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, regardless of the number of occupants.

Societal data (Sections 4.1.4, 4.3.4 and 4.4.2)

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 based on a number of quantifiable indicators and targets which are monitored and implemented through specific action plans.

Find the details of the summary protocol of the CSR report on www.groupepvcp.com, Sustainable Development section.

4.6 Independent Third-Party Body report

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

This is a free translation into English of the original report issued in the French language and it is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders,

In our quality as an independent verifier, accredited by the COFRAC under the number n° 3-1681 (scope of accreditation available on the website www.cofrac.fr), and as a member of the network of one of the statutory auditors of your entity Pierre et Vacances, we present our report on the consolidated non-financial statement established for the year ended on the 30th September 2019 (hereafter referred to as the "Statement"), presented in the management report pursuant to the provisions of the Article L. 225 102-1, R. 225-105 et R. 225-105-1 of the French Commercial Code (Code de Commerce).

Responsibility of the entity

It is the responsibility of the Board of Directors to establish the statement in compliance with the 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 as well as the results of these policies, including key performance indicators.

The Statement has been established by applying the procedures of the entity (hereinafter referred to as the "Criteria"), 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 regulatory requirements pursuant to the provisions of the Article L. 822-11-3 of the French Commercial Code (Code de Commerce) and the Code of Ethics of our profession. In addition, we have implemented a quality control system, including documented policies and procedures to ensure compliance with ethical standards, professional standards and applicable laws and regulations.

Responsibility of the independent verifier

It is our role, based on our work, to express a limited assurance conclusion on:

- the compliance of the Statement with the provisions of Article R. 225-105 of the French Commercial Code;
- the fairness of the information provided pursuant to paragraph 3 of I and II of Article R. 225 105 of the French Commercial Code, namely the results of the policies, including key performance indicators, and the actions related to the main risks, hereinafter the "Information".

Nonetheless, it is not our responsibility to express any form of conclusion on:

- the compliance by the entity with other applicable legal and regulatory provisions, particularly regarding the vigilance plan and the fight against corruption and tax evasion;
- the compliance of products and services with applicable regulations.

Nature and scope of the work

Our work described below has been carried out in accordance with the provisions of articles A. 225 1 *et seq.* of the French Commercial Code determining the procedures in which the independent third party conducts its mission and according to professional standards as well as to the international ISAE standard 3000 – *Assurance engagements other than audits or reviews of historical financial information.*

(1) http://www.groupepvcp.com/ section « publications »

The work that we conducted enables us to assess the compliance of the Statement with the regulatory provisions and the fairness of the Information:

- we took note of the activity of all the companies included in the scope of consolidation, the statement of the main social and environmental risks related to this activity, and, if applicable, its effects regarding compliance with human rights, the fight against corruption, tax evasion as well as the resulting policies and their results;
- we assessed the suitability of the Criteria in terms of its relevance, comprehensiveness, reliability, neutrality and understandability by taking into consideration, if relevant, the best practices of the industry;
- we verified that the Statement covers each category of information provided in III of Article L. 225-102-1 of the French Commercial Code regarding social and environmental matters, as well as respect of human rights and the fight against corruption and tax evasion;
- we verified that the Statement includes an explanation justifying the absence of the information required by the 2nd paragraph of 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 in the scope of consolidation; including if relevant and proportionate, the risks created through its business relationships, products or services, policies, actions and results, including key performance indicators;
- we verified, when relevant to the main risks or the policies presented, that the Statement presents the information provided for II in Article R. 225-105 II of the French Commercial Code;
- we assessed the process of selecting and validating the main risks;
- we inquired about the existence of internal control and risk management procedures put in place by the entity;
- we assessed the consistency of the results and the key performance indicators selected regarding the main risks and policies presented;
- we verified that the Statement includes a clear and reasonable explanation for the absence of a policy regarding one or more of these risks;
- we verified that covers the consolidated scope, i.e. all the companies included in the scope of consolidation in accordance with Article L. 233-16 of the French Commercial Code, with the limits specified in the Statement;
- we assessed the collection process put in place by the entity for the completeness and fairness of the Information;
- we implemented the key performance indicators and other quantitative results that we considered the most important presented in Appendix 1:
  - analytical procedures to verify the correct consolidation of the collected data as well as the consistency of their evolutions,
  - detailed tests based on samples, consisting of checking the correct application of the definitions and procedures and reconciling the data with the supporting documents. This work was carried out with a selection of contributing entities listed below: the entity Pierre et Vacances France, specifically the Ouest Campagne Operational Direction and the sites Pierre et Vacances La Petite Venise and Le Clos d'Eguisheim, and the entity Center Parcs Germany, specifically the site of Center Parcs Bostalsee, which cover 23% of the workforce and 34% of the energy consumptions;
- we consulted documentary sources and conducted interviews to corroborate the qualitative information (actions and results) that we considered the most important presented in Appendix 1;
- we assessed the overall consistency of the Statement with our knowledge of the entity;
- we consider that the work we have done by exercising our professional judgment allows us to express a limited assurance conclusion; an assurance of a higher level would have required more extensive verification work.

Means and resources

Our verification work mobilized the skills of five people and took place between September and November 2019 on a total duration of intervention of about seven weeks.

We conducted about ten interviews with the persons responsible for the preparation of the Statement, in particular the directions of CSR, environment, human resources, health and safety, risks, procurement, development (France and international).

Conclusion

Based on our work, we have not identified any significant misstatement that causes us not to believe that the non-financial statement complies with the applicable regulatory provisions and that the Information, taken together, is fairly presented, in compliance with the Criteria.

Comments

Without qualifying our conclusion above and in compliance with the provisions of Article A. 225-3 of the French Commercial Code *(Code de Commerce)*, we express the following comment: Group definitions are not sufficiently shared with consolidated entities, particularly at the international level and regarding renewable energy, turnover and health and safety indicators.

Paris-La Défense, 18 December 2019

Independent Verifier
EY & ASSOCIÉS

Philippe AUBAIN	Jean-François BELORGEY
Associate Director sustainable development	Partner

Appendix 1: The most important information

SOCIAL INFORMATION

Quantitative Information (including key performance indicators)	Qualitative Information (actions or results)
Average yearly headcounts, turnover, return rate of seasonal workers.	Employment (attractiveness and retention).
Frequency rate, accident severity rate.	Health and safety.
Average number of training hours per employee trained.	Training.

ENVIRONMENTAL INFORMATION

Quantitative Information (including key performance indicators)	Qualitative Information (actions or results)
Energy consumption per rental night.	Center Parcs "Naturall" and Pierre & Vacances "Faisons plus ensemble" policies.
Percentage of renewable energy in the global consumptions of Center Parcs.	The monitoring of energies, including green energies.
Greenhouse gas emissions in Tons of CO_2 equivalent linked to energy consumption managed by the Group.	Waste Management during renovation and exploitation phase.
Water consumption per rental night.	The protection of water resources.
Waste sorting rate on Center Parcs.	The protection of biodiversity.

SOCIETAL INFORMATION

Quantitative Information (including key performance indicators)	Qualitative Information (actions or results)
	Management of the impact of new developments (local acceptance, energy efficiency, environmental certification, available surfaces).
	Sustainable procurement.
	Owners' relationship management.
	Fight against food waste.

4.7 Concordance tables

Table of Concordance of the Elements Required by the Non-Financial Statement

Topics	Chapter
Business model description	Chapter 1 of the URD
Description of the major risks related to the group's activity	Chapter 2 of the URD
Human rights	4.1.4.3
Fight against corruption	4.1.4.3
General Data Protection Regulation	4.1.4.3
Climate change	4.4.3.1
Circular economy	4.4.3.4
Food waste	4.2.2
Collective agreements in force	4.4.1.6
Fight against discrimination	4.4.1.5
Societal commitments	4.3.4
Tax evasion	4.1.4.3
Fight against food insecurity; respect for animal welfare; responsible, fair and sustainable food	4.2.2

4.8 Vigilance plan

4.8.1 Regulatory framework

The Pierre & Vacances-Center Parcs Group has implemented a vigilance plan in line with the French duty of care law for parent and subcontracting companies.

The plan contains reasonable vigilance measures to identify risks and prevent violations of:

- human rights and fundamental liberties;
- personal health and safety;
- the environment.

It targets the major risks resulting from the business activities of the Group and of the companies controlled by the Group as well as the activities of subcontractors and suppliers with which there is an ongoing commercial relationship.

Governance

The plan and its components are applicable to all Pierre & Vacances Group brands. It is designed in cooperation with the representatives and managers of the Group departments: Purchasing, Legal, Sustainable Development, Human Resources and Risk Management.

4.8.2 Risk mapping

Methodology

Risk mapping for the duty of care has been developed using the following sources:

- a materiality analysis of the Group's sustainable development challenges (2016);
- business risk mapping;
- CSR risk mapping (updated in 2019);
- the ethical alert system (2019).

4.8.3 Procedures to assess the situation of brands, subcontractors and suppliers

4.8.3.1 Pierre & Vacances-Center Parcs Group

Organisation of the internal controls for business and labour law risks

The Group's activities are subject to the risks related to its type of business. Internal controls are organised as follows to prevent the risks:

- the Legal Department intervenes upstream to secure the Group's legal commitments and monitors disputes involving all of the operational subsidiaries;
- Group Internal Audit, in partnership with the Legal Department, monitors the Group's risk mapping and works with the different business units to prepare the annual audit plan and via missions requested by General Management. The missions and topics dealt with may affect all of the Group's businesses and subsidiaries;
- together with Group Internal Audit and the Operational Control team, the Operational Finance Department takes an active role in financial audits as well as in social and regulatory audits related to the tourism operations of the residences in order to protect human capital and ensure compliance with the laws and regulations in effect. These audits are mainly carried out on the operating sites (residences or villages from all the brands). The choice of sites audited is decided by Group Internal Audit based on the type of site and on specific criteria.

Operational risks organisation

PVCP Group assessment procedures

The Group has included procedures and action plans in its CSR roadmap to assess and prevent the risks related to duty of care. The system is described in the following sections of the Universal Registration Document.

Risks related to the duty of care	Sections in the registration document
Human rights	4.1.2 Listening to our stakeholders
	4.1.4 Responsible governance and ethical practices
	4.3.4 Supporting general interest projects that benefit local populations
Health and safety of employees and customers	4.4.1.7 Ensuring the health and safety of our employees
	4.4.1.3 Fostering employee engagement and satisfaction
	4.4.3.1 Climate action
The environment	4.4.3.2 Certification and labelling of our villages and residences
	4.4.3.3 Sustainable operation of our sites
	4.4.3.4 Reducing waste and promoting the circular economy

The Operational Department of Center Parcs Europe and Pierre & Vacances Tourisme is 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).

Center Parcs and Villages Nature®

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 operational risk management process is based on the ISO 14001 standard and on an HSE (Health, Safety, Environment) management system.

Pierre & Vacances and Maeva France and Spain

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 single regional contact person, i.e. a prevention and safety officer, for all risk areas identified.

In Spain, a risk prevention tool enables each site to perform a risk analysis and produce a "Document Unique des Risques" (risk report).

Results

- 112 "Health, Safety and Environment" audits led on the scope Pierre& Vacances Center Parcs.
- The Group did not carry out any social audit during the financial year because it has no new suppliers in China.

4.8.3.2 Suppliers and subcontractors

The Pierre & Vacances-Center Parcs Group has implemented a Responsible Purchasing policy which consists of:

- alignment of the responsible purchasing policy and strategy with the CSR objectives set by the Group;
- risk management and opportunities to define priorities and action plans;
- the implementation of an approach to prevent corruption, notably via the signature of an ethics code by all Group purchasers.

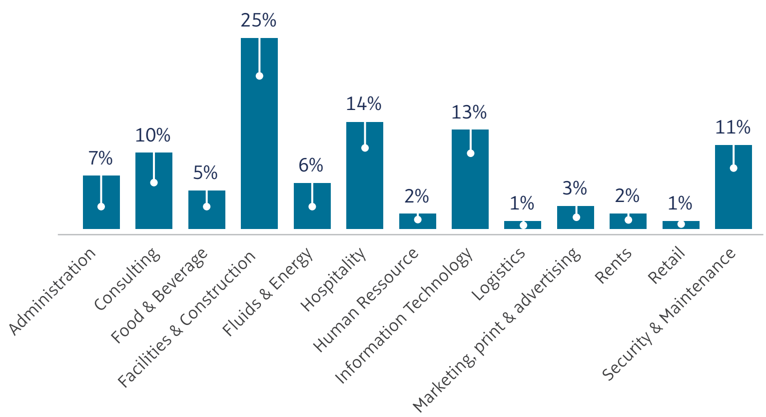
The objective of the policy is to secure the supply chain to reduce risks (reputation, licence to operate), promote local purchasing (development of channels and contribution to local employment) and to commit to a sustainable and balanced relationship with partners and subcontractors.

Assessment of the CSR performance of suppliers

Local cleaning (SME/VSE), laundry, construction and furniture (related to the Construction business) service providers account for a significant share of Group suppliers.

The Group's expenditures break down as follows:

Breakdown of Group purchasing by category



When a supplier is selected by the Purchasing Department, the supplier or subcontractor must answer one of several questionnaires assessing its CSR performance.

- The SME/VSE questionnaire is based on ISO 26000: the questionnaire consists of 10 questions which assess the maturity level of the smallest suppliers without penalising them when compared to larger companies.
- The CSR questionnaire based on ISO 26000: this questionnaire consists of 16 questions. It is intended for ISEs and large companies and asks them to document their actions. The two questionnaires cover matters relating to the environment, employment, ethics, human rights and responsible purchasing.
- The anti-corruption questionnaire: based on the Sapin 2 Law: this questionnaire has 17 questions. It assesses the supplier's compliance with the Sapin 2 law. It is sent to medium-size and large companies.

- The questionnaires are sent via the self-assessment platform (ACESIA). The results do not condition the selection of a supplier or service provider. On the other hand, this step is required to establish a contract with the supplier. In addition, the results obtained are valid for the duration of the contract.

Results

- 167 suppliers answered to CSR questionnaire.
- The amount spent with suppliers from the protected and adapted sector stood at €316,000 excluding VAT (compared with €259,000 excluding VAT in 2017/2018).

Supplier audits

Pierre & Vacances-Center Parcs carries out checks via independent auditors. This is notably the case for Chinese suppliers. 100% of all Chinese suppliers were audited in 2018. A suitable monitoring action plan was implemented by the Purchasing Department to track the audits.

4.8.4 Risk mitigation and serious harm prevention actions

4.8.4.1 Pierre & Vacances-Center Parcs Group

Crisis management

The Group has implemented a specific crisis management organisation to ensure the handling of any situation with the potential to endanger its employees, its customers, its interests and/or its reputation. This specific crisis management system consists of a dedicated, multi-disciplinary team headed by the Operational Risks Department.

4.8.4.2 Suppliers and subcontractors

Training

- In 2018, 100% of all Group purchasers received awareness training about CSR issues and new responsible specifications for purchase categories said to be “at risk”.
- The Code of ethics and the charter of best purchasing practices were signed by all purchasers.

Inclusion of CSR in calls for tender

CSR criteria are included in calls for tenders for certain categories of purchases in order to impact the contract agreed with the supplier or service provider. The criteria are the result of the risk mapping done for the Group’s supply chain. The compulsory criteria reflect the operational implementation of the Group’s CSR objectives. Compliance with the criteria is a prerequisite for access to the tender. An escalation procedure is initiated when a supplier does not meet the criteria. It provides for a meeting between the CSR Department, the person in charge of the call for tenders and the Purchasing Department to find a compromise.

CSR clause in contracts

A CSR clause is included in the consultation rules covering the terms and conditions of calls for tender and is signed by all buyers. The clause is included in all purchasing contracts and is available in French and English.

4.8.5 Alert and whistleblowing mechanism

The Group has implemented an internal alert system available to all employees with access to KIT+. The Group provides its employees with a mechanism to report any occurrences of fraud or corruption via this system.

The alert system has been active since March 2019. It will be extended to the countries in which the Group operates (Belgium, the Netherlands, Germany, Spain) and, at a later time, to all Group stakeholders.

4.9 Table of key indicators

Corresponding CSR risks/ opportunities	CSR policy area	Scope	Policy/objective	KPI	Results 2017/2018	Results 2018/2019
Sites close to nature and local communities (opp.)	**Using sustainable development to enhance the customer offering and experience**	CP	To offer one nature activity at 100% of sites by 2020	Proportion % of sites offering nature activities	75%	92%
		PV	To offer one nature activity at 100% of sites	Number of children who took part in a nature activity (children's club)	-	4,586
Site search Damage to ecosystems Stakeholder relations	**Creating environmental/ economic/ social value in the communities where our sites are located**	Construction France	To adopt a consultative approach commensurate with the scale of the development and the local context (> 100 housing units with significant environmental issues at stake)	% of developments for which a local the appropriate consultation was conducted	80%	77%
		Construction France	To consider the environmental sensitivity of the sites	% of developments projects (>100 housing units situated in undeveloped areas) for which a preliminary environmental study was carried out	60%	66%
		CP	To have a dedicated management plan for 100% of sites	Proportion % of sites with a dedicated plan to manage green spaces	75%	58%
		Group	To incorporate CSR criteria for high-risk purchasing categories	% of high-risk purchasing categories covered by responsible specifications	100%	100%
		Construction Europe	To monitor and optimise our local construction purchases and set targets for our flagship projects	% of local purchases during construction phase	73% (France scope)	84% (France scope)
		CP France	To monitor and optimise our local operational purchases	% of local purchases during operational phase	24% (scope CP France)	32% (scope CP France)
Recruitment and retention of employees Health and safety of employees and customers	**Attracting and growing (retaining) talent**	Group	To monitor and manage employee safety	Rate of workplace accidents	32.2	34.9
			-30% accident rate at PV France (2022)	Severity rate of workplace accidents	1.38	1.47
		Group	To develop our employees' skills	Average number of training hours per employee	9.19	11.4
				% of employees trained	60%	63%
		Group	To monitor and improve employee satisfaction	Satisfaction rate in the Happy@Work satisfaction survey	(no survey in 2017/2018/ survey every two years)	82%
		PV		Rate of retention of seasonal workers*	45%	49.8%
		Group		Turnover	19.1%	20.8%
		Group	To guarantee equal opportunities	Share % of female managers	52.9%	53.1%

Corres-ponding CSR risks/ oppor-tunities	CSR policy area	Scope	Policy/objective	KPI	Results 2017/2018	Results 2018/2019
Water resources Damage to ecosystems Waste mana-gement Energy performance Climate change resilience	**Being exem-plary in the course of our business**	PVD	To obtain eco-certification for 100% of new property developments	% of projects delivered with an environmental building certification	100%	NC*
		CP	To obtain ISO 14001 certification for 100% of CP sites	% of CP sites with ISO 14001 certification	80%	77%
		CP	100% of CP sites awarded the Clef Verte label	% of CP sites awarded Clef Verte certification	20%	19%
		PV	100% of Premium and Villages sites awarded the Clef Verte label	% of PV Premium sites awarded the Clef Verte label	92% (France excluding overseas departments)	100% (France excluding overseas departments)
				% of PV Villages sites awarded the Clef Verte label	84% (France excluding overseas departments)	90% (France excluding overseas departments)
				% of PV sites awarded the Clef Verte label	35%	36%
		CP and PV	To obtain an eco-label for sites in operation	% of Group sites awarded the Clef Verte label	29%	33%
				% of Group sites awarded the Clef Verte label or ISO 14001 certified	41%	45%
		CP	To reduce energy consumption by 25% by 2022 (2010 baseline) 2010 baseline = 172.3 KWh per overnight stay)	Energy use per overnight stay *(in kWh)*	170 KWh/ night	171 KWh/ night
				Percentage reduction (2010 baseline)* since FY2017/2018, calculated on the basis of consumption per overnight stay and no longer per person per night	-1.3%	-1.2%
		PV	To reduce energy consumption by 20% by 2022 (2014 baseline) 2014 baseline = 46 KWh per overnight stay	Energy use per overnight stay *(in kWh)*	47	44
				Percentage reduction (2014 baseline)	-16%	-21%
		CP	To reduce water consumption by 25% by 2022 (2010 baseline) 2010 baseline = 0.932 m3/night	Ratio (m^3/overnight stay)	0.86 m^3/ night	0.92 m^3/ night
				Percentage reduction	-7,7%	-1,3%
		PV	To reduce water consumption by 15% by 2022 (2014 baseline = 0.59 m^3/night)	Ratio (m^3/overnight stay)	0.59	0.60
				Percentage reduction	-14%	-10,4%
		CP	To ensure that 60% of operational waste is recycled by 2022	% of waste sorted	39.8%	43%
		Construction France	To monitor construction waste	% of waste separated on site	-	data not collected this year
		Renovation France	To monitor waste separation at renovation sites	% of renovation waste recovered	-	85%
		Group	To assess the Group's carbon footprint	Group carbon footprint on energy	178,129 tCO_2e	190,092 tCO_2e

Corres-ponding CSR risks/ oppor-tunities	CSR policy area	Scope	Policy/objective	KPI	Results 2017/2018	Results 2018/2019
Quality of our stakeholder relations	**Satis-faction of our Customers and Owners stakeholders**	CP	To monitor the satisfaction rate	Net Promoter Score	1.8%	3.2%
		PV	To monitor the satisfaction rate	Net Promoter Score	15.1%	21.3%
		Group	To monitor the lease renewal rate	Lease renewal rate	76%	83%**

* *No project delivered during the financial year.*

** *Result based on an estimate for a site where operations are ongoing.*

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FINANCIAL STATEMENTS 5

5.1 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 reconciliation tables with IFRS income statements are set out in paragraph 5.1.3.

5.1.1 Group revenue

As of 1 October 2018, the Group applied the recognition standard "IFRS 15 – Revenue from Contracts with Customers". This resulted in a sharp increase in 2018/2019 revenue, driven primarily by the signing of renovation/disposal operations at Center Parcs, for which the Group is considered as a "principal" under the terms of IFRS 15 (for further details see paragraph 5.1.3).

(in € millions)	2018/2019 from operational reporting	2017/2018 Pro-forma IFRS 15 from operational reporting	Change	Change excluding offering effects(1)	2017/2018 Published (before IFRS 15) from operational reporting
Tourism	**1,365.1**	**1,273.1**	**+7.2%**		**1,356.4**
Pierre & Vacances Tourisme Europe	596.8	580.9	+2.7%		659.7
Center Parcs Europe(2)	768.2	692.2	+11.0%		696.8
of which rental revenue	**923.6**	**858.4**	**+7.6%**	**+4.5%**	**858.4**
Pierre & Vacances Tourisme Europe	*406.9*	*400.1*	*+1.7%*	*+3.6%*	*400.1*
Center Parcs Europe(2)	*516.6*	*458.2*	*+12.7%*	*+5.2%*	*458.2*
Property development	**307.7**	**196.6**	**+56.6%**		**166.5**
TOTAL, FINANCIAL YEAR	**1,672.8**	**1,469.6**	**+13.8%**		**1,523.0**

(1) Restated for the impact:
- at PVTE, the net reduction in the network operated (withdrawals from loss-making sites and the non-renewal of leases);
- at CPE, net growth in assets operated, primarily driven by the opening of Center Parcs Allgäu in October 2018.
(2) Including Villages Nature® Paris (€29.1 million in 2018/2019), of which €23.0 million in annual rental revenue.

Group revenue for the full financial year (1 October 2018 to 30 September 2019) was €1,672.8 million.

- **Revenue from tourism activities totalled €1,365.1 million, an increase of 7.2%** compared with the previous financial year.
  - Rental **revenue was up +7.6%,** driven by both average net letting rates (+5.1%) and the number of nights sold (+2.4%). The occupancy rate stood at 75% over the full year (vs. 73.6% in 2017/2018).

    On a like-for-like basis, business was up +4.5%, exceeding the +4% annual target set by the Ambition 2022 strategic plan.

    All destinations experienced growth: +5.2% for the Center Parcs Europe segment (+3.7% for Center Parcs sites and +45.7% for Villages Nature® Paris), +4.7% for Adagio residences, +4.7% for mountain resorts and +2.2% for seaside resorts (metropolitan France, French West Indies and Spain).
  - **Revenue from other tourism business was up +6.5%,** with +7.5% for the Center Parcs Europe segment and +5.1% growth for the Pierre & Vacances Tourisme Europe segment.
- **Revenue from property development stood at €307.7 million,** compared with €196.6 million in 2017/2018. This was primarily due to the contribution from Center Parcs site renovations (€158.1 million) and from Les Senioriales (€76.5 million).

  Property **reservations** registered during the financial year represented revenue of €688.3(1) million, higher than those registered over the same period of the previous financial year (€364.4 million).

(1) Including block reservations for Les Senioriales, not included in the reservations referenced in the revenue announcement dated 15 October 2019.

5.1.1.1 Tourism Business

Key indicators

(in € millions)	2018/2019	2017/2018 Proforma IFRS 15	Change
Revenue	**1,365.1**	**1,273.1**	**+7.2%**
o/w rentals	923.6	858.4	+7.6%
o/w ancillaries[1]	441.5	414.7	+6.5%
Average Net Letting Rate (ALR)[2] *(in €)*	**708**	**674**	**+5.1%**
No. of weeks sold	**1,304,609**	**1,274,034**	**+2.4%**
Occupancy rate	**74.9%**	**73.6%**	**+1.8%**

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

The rise in the average net letting rate (+5.1%) covered all Pierre & Vacances Tourisme destinations (city: +6.4%, mountain: +4.0%, seaside: +1.9%), as well as Center Parcs (+4.1%) and Villages Nature® Paris (+7.4%) sites. The number of weeks sold was also up (+2.4%), against a backdrop of stable marketed inventory. The occupancy rate stood at 74.9%, up +1.8%, driven by Villages Nature® Paris (+9.2%), Center Parcs sites (+3.9%), and mountain residences (+2.1%).

5

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

(by number of apartments)	2018/2019	2017/2018	Change
Pierre & Vacances Tourisme Europe	**28,788**	**29,170**	**-382**
o/w Pierre & Vacances non-premium label France	11,487	12,459	-972
o/w Pierre & Vacances premium France	2,718	2,791	-73
o/w Pierre & Vacances Spain	4,671	4,196[2]	+475
o/w Adagio and Adagio access	9,912	9,724	+188
Center Parcs Europe	**16,581**	**15,582**	**+999**
o/w Center Parcs	15,199	14,194	+1,005
o/w Sunparks	1,382	1,388	-6
Villages Nature®	**821**	**775**	**+46**
TOTAL	**46,190**	**45,527**	**+663**

(1) Excluding the marketing business, multiple ownership and franchise.
(2) Including management contracts.

The holiday residence portfolio operated by the Group at 30 September 2019 was up by 663 accommodation units compared with 30 September 2018. This increase was mainly due to:

- the operation of the new Center Parcs Allgäu in Germany (+1,000 cottages), four new city residences (+376 apartments), four new sites in Spain (+475 apartments), of which 2 management contracts, and 19 additional apartments in the Deauville Presqu'île de la Touques residence;
- that partially offset:
  - the end-of-lease withdrawals from Pierre & Vacances residences in France (-376 apartments) Spain (-160 apartments), and Adagio residences (-118 apartments),
  - as well as the loss of leases on the Pierre & Vacances brand in France (-689 apartments), Spain (-35 apartments), and on the Adagio brand (-70 apartments).

Breakdown of Group[1] rental revenue by customer origin

	Pierre & Vacances Tourisme Europe		Center Parcs Europe[1]		Total	
	2018/2019	2017/2018	2018/2019	2017/2018	2018/2019	2017/2018
France	57.2%	59.3%	28.3%	31.1%	41.3%	44.6%
The Netherlands	4.5%	4.0%	22.4%	23.5%	14.3%	14.2%
Germany	3.3%	3.3%	30.3%	26.3%	18.1%	15.4%
Belgium	2.8%	3.1%	12.2%	12.4%	7.9%	8.0%
UK	7.2%	7.1%	2.4%	2.6%	4.4%	4.8%
Spain	6.8%	5.3%	0.1%	0.0%	3.1%	2.5%
Russia & Eastern European Countries	2.3%	2.4%	NA[2]	NA[2]	NA[2]	NA[2]
Italy	1.6%	1.4%	0.0%	0.0%	0.8%	0.7%
Scandinavia	1.1%	1.3%	0.3%	0.4%	0.7%	0.8%
Switzerland	1.3%	1.2%	NA[2]	NA[2]	NA[2]	NA[2]
Other	11.9%	11.6%	4.0%	3.7%	9.4%	9.0%

(1) Excluding Villages Nature® Paris, for which 2017/2018 data were not available.
(2) Not available.

The majority of the Group's rental revenue is generated by foreign customers (58.7%), including German (18.1%), Dutch (14.3%), and Belgian (7.9%) customers, mainly due to the presence of Center Parcs Europe in the Netherlands (eight villages), Germany (six villages) and Belgium (six villages).

Analysis of revenue by resort/country

Pierre & Vacances Tourisme Europe

Number of apartments	2018/2019	2017/2018	Change
Seaside	13,359	13,630	-271
Mountain	4,666	4,972	-306
French West Indies	851	844	+7
Cities	9,912	9,724	+188
TOTAL	**28,788**	**29,170**	**-382**

Rental revenue *(in € millions)*	2018/2019	2017/2018	Change	Change excluding offering effects
Seaside	154.0	153.4	+0.3%	+2.4%
Mountain	80.3	81.5	-1.5%	+4.7%
French West Indies	15.9	15.8	+0.9%	+0.9%
Cities	156.8	149.4	+4.9%	+4.7%
TOTAL	**406.9**	**400.1**	**+1.7%**	**+3.6%**

Average net letting rates (for a week's rental) *(in € before tax)*	2018/2019	2017/2018	Change
Seaside	553	543	+1.8%
Mountain	853	820	+4.0%
French West Indies	743	723	+2.7%
Cities	544	511	+6.4%
TOTAL	**597**	**575**	**+3.8%**

	Number of weeks sold			Occupancy rate		
	2018/2019	2017/2018	Change	2018/2019	2017/2018	Change
Seaside	278,230	282,430	-1.5%	67.6%	67.2%	+0.6%
Mountain	94,129	99,378	-5.3%	86.0%	84.3%	+2.1%
French West Indies	21,409	21,800	-1.8%	63.4%	65.8%	-3.7%
Cities	288,262	292,491	-1.4%	78.8%	79.4%	-0.7%
TOTAL	**682,030**	**696,099**	**-2.0%**	**74.0%**	**73.9%**	**+0.1%**

Center Parcs Europe (excluding Villages Nature® Paris)

Number of apartments	2018/2019	2017/2018	Change
The Netherlands	5,340	5,340	0
France	4,378	4,377	+1
Belgium	3,058	3,064	-6
Germany	3,805	2,801	+1,004
TOTAL	**16,581**	**15,582**	**+999**

Rental revenue *(in € millions)*	2018/2019	2017/2018	Change	Change excluding offering effects
The Netherlands	147.7	140.9	+4.8%	+4.8%
France	154.6	154.8	-0.1%	+3.8%
Belgium	76.3	73.4	+4.0%	+1.7%
Germany	115.1	73.4	+56.7%	+3.6%
TOTAL	**493.6**	**442.5**	**+11.6%**	**+3.7%**

Average net letting rates (for a week's rental) *(in € before tax)*	2018/2019	2017/2018	Change
The Netherlands	732	718	+2.0%
France	1,024	1,009	+1.5%
Belgium	693	678	+2.2%
Germany	805	682	+18.0%
TOTAL	**815**	**782**	**+4.1%**

	Number of weeks sold			Occupancy rate		
	2018/2019	2017/2018	Change	2018/2019	2017/2018	Change
The Netherlands	201,838	196,347	+2.8%	75.5%	74.0%	+2.0%
France	150,991	153,414	-1.6%	75.8%	70.6%	+7.4%
Belgium	110,063	108,215	+1.7%	71.2%	71.5%	-0.5%
Germany	142,979	107,673	+32.8%	81.7%	77.6%	+5.2%
TOTAL	**605,871**	**565,650**	**+7.1%**	**76.1%**	**73.2%**	**+3.9%**

5.1.1.2 Property development activities

Breakdown of property development revenue by programme

(in € millions)	2018/2019	2017/2018
Les Senioriales	76.5	84.7
Pierre & Vacances Premium Méribel	22.7	7.7
Pierre & Vacances Salou (Spain)	8.3	9.5
Adagio access Lille	7.8	3.5
Pierre & Vacances Avoriaz Arietis	5.4	0.8
Pierre & Vacances premium Deauville	3.4	22.5
Villages Nature® Paris	1.1	12.1
Adagio access Palaiseau	0.2	1.2
Marketing fees	18.1	16.6
Other	6.2	7.9
Revenue before the impact of IFRS 15	**149.7**	**166.5**
Revenue associated with the application of IFRS 15	**158.1**	**30.0**
TOTAL REVENUE FROM PROPERTY DEVELOPMENT	**307.7**	**196.6**

Revenue from property development stood at €307.7 million in 2018/2019.

The sharp increase in revenue for the financial year was due to the contribution made by renovation/disposal operations at Center Parcs for which the Group is considered as a "principal" under the terms of IFRS 15. Revenue from these operations stood at €158.1 million in 2018/2019, compared with €30 million in 2017/2018.

2018/2019 revenue also included the following programmes:

- Les Senioriales, with three programmes delivered over the financial year (Soustons, Bassens and Saint-Priest);
- Pierre & Vacances Méribel, with delivery scheduled for December 2019;
- the sale of accommodation at the residence located in Salou in Spain that was already operated by the Group;
- the Adagio access residence in the centre of Lille, delivered in September 2019.

Deliveries (number of units)

	2018/2019	2017/2018
Palaiseau	110	0
Lille	79	0
TOTAL ADAGIO	**189**	**0**
Deauville Presqu'île de la Touques	0	133
TOTAL PIERRE ET VACANCES	**0**	**133**
Villages Nature®	0	365
LES SENIORIALES	**222**	**570**
TOTAL	**411**	**1,068**

Property reservations including VAT

	2018/2019	2017/2018	Change
Property reservations excluding block sales			
New			
Reservations *(in € millions)*	137.9	154.7	-10.9%
Number of apartments	518	596	-13.1%
Average price *(in € thousands)*	266.2	259.6	+2.5%
Re-sales(1)			
Reservations *(in € millions)*	65.9	48.4	+36.2%
Number of apartments	446	350	+27.4%
Average price *(in € thousands)*	147.8	138.3	+6.9%
Les Senioriales			
Reservations *(in € millions)*	52.5	141.1	-62.8%
Number of apartments	238	757	-68.6%
Average price *(in € thousands)*	220.6	186.4	+18.3%
TOTAL EXCLUDING BLOCK SALES			
Reservations *(in € millions)*	**256.2**	**344.2**	**-25.6%**
Number of apartments	**1,202**	**1,703**	**-29.4%**
Average price *(in € thousands)*	**213.1**	**202.1**	**+5.4%**
Property reservations – block sales			
Reservations *(in € millions)*	432.1	20.2	+2,039.1%
Number of apartments	1,737	53	+3,177.4%
Average price *(in € thousands)*	248.8	381.1	-34.7%
TOTAL			
Reservations *(in € millions)*	**688.3**	**364.4**	**+88.9%**
Number of apartments	**2,939**	**1,756**	**+67.4%**
Average price *(in € thousands)*	**234.2**	**207.5**	**+12.9%**

(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 €688.3 million, corresponding to 2,939 reservations, compared with €364.4 million (1,756 reservations) in 2017/2018.

Excluding block sales, reservations were worth €256.2 million, corresponding to 1,202 units reserved, compared with €344.2 million (1,703 units) in 2017/2018.

Principal stock of apartments marketed at 30 September 2019

Programmes	New/Renovation	Opening	No. of units	% reserved
Excluding third-party marketing				
Deauville Presqu'île de la Touques	N	2018	133	90%
Deauville Presqu'île de la Touques T2	N	2021	28	39%
Méribel	N	2019	95	96%
Lille	N	2019	79	100%
Villages Nature® Paris 1	N	2017/2018	916	97%
Avoriaz Arietis	N	2020	39	82%
Les Senioriales	N		4,720	91%
De Haan	R		518	100%
Third-party marketing				
Vielsalm	R		350	100%
Hochsauerland	R		548	100%
Zandvoort	R		509	97%
Nordseeküste	R		345	100%
Eemhof	R		701	73%
TOTAL GROUP			**8,981**	**92%**

5.1.2 Group profit (loss)

(in € millions)	2018/2019	2017/2018 pro-forma	Change
Revenue	1,672.8	1,469.6[1]	203.2
OPERATING PROFIT (LOSS) FROM ORDINARY ACTIVITIES	**30.9**	**9.8**[2]	**21.0**
Tourism	**29.6**	**20.1**	**9.5**
Tourism Villages Nature® Paris	*-5.5*	*-11.6*	*6.1*
Tourism excluding Villages Nature® Paris	*35.1*	*31.7*	*3.4*
Property development	**1.3**	**-10.2**	**11.5**
o/w Allgäu additional costs	*-13.7*		*-13.7*
Other operating income and expenses	-9.7	-4.7	-5.0
o/w costs associated with the restructuring plan	*-4.1*	*-1.3*	*-2.8*
Financial expenses	-20.8	-19.2[2]	-1.6
Share of net income (loss) of equity-accounted investments	0.9	1.6	-0.6
PRE-TAX PROFIT (LOSS)	**1.3**	**-12.5**	**13.8**
Taxes in the financial year	-34.4	-33.6	-0.8
o/w reversal of deferred tax assets	*-18.8*	*-19.0*	*0.2*
PROFIT (LOSS) FOR THE YEAR	**-33.0**	**-46.0**[2]	**13.0**
Attributable to owners of the Company	*-33.0*	*-46.0*	*13.0*
Non controlling interests	*0.0*	*0.0*	*0.0*
Temporary items (Allgäu additional costs, restructuring, reversal of deferred tax assets)	*-36.6*	*-20.3*	*-16.3*
PROFIT (LOSS) BEFORE TEMPORARY ITEMS	**3.6**	**-25.7**	**29.3**

(1) IFRS 15 pro-forma FY 2018.
(2) These data were restated for the impacts of the interpretation of IAS 23 published in December 2018.

The Group's operating profit (loss) from ordinary activities stood at €30.9 million, up sharply on the previous year (€9.8 million).

- **Operating profit (loss) from tourism activities** totalled **€29.6 million, up 47%** on 2017/2018:
  - operating profit from ordinary activities, excluding Villages Nature® Paris, was **€35.1 million, up 11%.**

    It included business growth (+€13 million) and initial savings generated by the Ambition 2022 plan (+€5 million). These gains more than offset the impact of inflation on expenses (principally salaries, rents and energy), estimated at -€10 million, as well as the impact of the temporary closure of Center Parcs sites undergoing renovation (-€5 million).

    Corrected for this situational effect, the operating profit from ordinary activities stood at €40 million, up 25% on the previous year (€32 million);
  - Villages Nature® Paris' operating loss from ordinary activities was down by half (-€5.5 million vs. -€11.6 million in 2017/2018). The site recorded an average occupancy rate of 74% over the year (vs. 66% in 2017/2018) and an increase in the average net letting rate of over 7%.
- **Operating profit (loss) from property development totalled €1.3 million, versus -€10.2 million in 2017/2018.**

  This growth was mainly due to:
  - the contribution made by Center Parcs renovations/disposals in Belgium and The Netherlands (+€26 million);
  - partially offset by additional costs at Domaine d'Allgäu (-€14 million), following a spate of bad weather as well as technical issues with the operation of the site in terms of heating systems and the roll out of fibre optic.

Other operating income and expenses included not only site withdrawal costs but also costs relating to Group restructuring (-€4.1 million) which mainly explain the change in this item.

Net financial expenses totalled €20.8 million, an increase relative to 2017/2018, due especially to the annualisation of interest expenses on a Euro PP issue in February 2018.

In 2018/2019, the Group recorded a pre-tax net profit of €1.3 million.

Deferred tax expenses primarily relate to the reversal of tax receivables in France, the increasing internationalisation of the Group's activities reducing the capacity to use tax losses in France in the medium term (the Group uses a five-year time horizon, even though tax losses can be carried forward indefinitely).

The Group's net loss was down: it stood at -€33.0 million, versus -€46.0 million in 2017/2018, a 28% improvement.

When corrected for non-recurring items (Allgäu additional costs, restructuring costs and the adjustment to tax receivables), **the net profit for 2018/2019 would have been €3.6 million**).

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5.1.3 Reconciliation table – IFRS income statements

(in € millions)	FY 2019 operational reporting	IFRS 11 adjustments	FY 2019 IFRS
Revenue	1,672.8	-77.8	1,595.0
Operating profit (loss) from ordinary activities	**30.9**	**-0.6**	**30.2**
Other operating income and expenses	-9.7	+0.1	-9.6
Financial income (expense)	-20.8	+2.3	-18.5
EA companies' share of profit (loss)	0.9	-3.5	-2.5
Income tax	-34.4	+1.7	-32.7
NET PROFIT (LOSS)	**-33.0**	**0.0**	**-33.0**

(in € millions)	FY 2018 published operational reporting	Restated. IFRS 15	Restated. IAS 23	FY 2018 pro-forma operational reporting	Restated. IFRS 15	Restated. IFRS 11	FY 2018 IFRS proforma
Revenue	1,523.0	-53.4		1,469.6	+53.4	-88.3	1,434.7
Operating profit (loss) from ordinary activities	**9.1**		**+0.8**	**9.8**		**+7.8**	**17.7**
Other operating income and expenses	-4.7			-4.7			-4.7
Financial income (expense)	-18.3		-0.9	-19.2		+2.2	-17.0
EA companies' share of profit (loss)	1.6			1.6		-16.4	-14.8
Income tax	-33.6			-33.6		+6.4	-27.2
NET PROFIT (LOSS)	**-45.9**	**0.0**	**-0.1**	**-46.0**	**0.0**	**0.0**	**-46.0**

- ***IFRS 11 adjustments***

The Group's operational reporting continues to consolidate joint ventures (primarily Adagio and Villages Nature® Paris) using the proportionate method, considering this presentation to be a better reflection of its performance measurement. In contrast, joint ventures are consolidated using the equity method in consolidated IFRS financial statements.

- ***IFRS 15 adjustments***

As of 1 October 2018, the Group applies the new revenue recognition standard "IFRS 15 – Revenue from Contracts with Customers".

The main impacts on revenue are the following:

- ***tourism:*** *in terms of its tourism marketing mandates and various outsourcing contracts (catering, events, ski lifts, etc.), the Group acts mostly as an "agent" under the terms of IFRS 15 and only its net remuneration must be recognised in revenue.*

  Application of IFRS 15 therefore leads to a decline in tourism revenue, which so far recorded the volume of business generated by these activities, with no impact on the Group's net profit (loss) for the year;

- ***property development:*** *sales operations on behalf of third parties are analysed on a case by case basis in order to establish whether the Group acts as an "agent" or a "principal".*

  The outcome of this analysis is a sharp increase in revenue in 2018/2019, driven primarily by the signing of renvoation/disposal operations at Center Parcs during the first half, for which the Group is considered as a "principle" under the terms of IFRS 15.

- ***IAS 23 restatements***

Further to the IFRS Interpretations Committee decision on IAS 23, published in December 2018, the Group no longer capitalises borrowing costs on its property development transactions. Since this decision was applied retrospectively, the 2017/2018 comparative period was restated as shown in the table above.

5.1.4 Investment spending and financial structure

5.1.4.1 Main cash flows

(in € millions)	2018/2019	2017/2018 pro-forma*
Cash flows (after interest and tax)	+34.5	+28.9(1)
Change in working capital requirements	+32.2(2)	+5.2(2)
Cash flow from operating activities	**+66.7**	**+34.1**
Net operational investment spending	-54.7	-66.0
Net financial investment	+7.5	-0.8
Cash flow from investment activities	**-47.2(2)**	**-66.8(2)**
OPERATIONAL CASH FLOWS	**+19.5**	**-32.7**
Acquisitions and disposals of treasury shares	-0.1	-0.1
Change in loans and other borrowings	-13.2	+63.6(1)
CASH FLOW FROM FINANCING ACTIVITIES	**-13.3**	**+63.5**
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**+6.3**	**+30.8**

(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 (+€5.5 million in 2018/2019 and +€4.8 million in 2017/2018) from cash flows from investment activities to cash flows from operating activities (change in WCR).
** These data were restated for the impacts of the interpretation of IAS 23 published in December 2018.*

In 2018/2019, the Group's tourism and property development businesses generated a cash resource of +€66.7 million, compared with +€34.1 million the previous year.

This positive change was due to:

- the rise in operating cash flows (+€34.5 million in 2018/2019 vs. +€28.9 million in 2017/2018), mainly relating to the growth in operating performances;
- the cash resource generated by the change in working capital requirements (+€32.2 million, compared with +€5.2 million the previous year) related, in particular, to a growth in receipts from tourism reservations following the improvement in business and the opening of new destinations (notably Domaine Center Parcs d'Allgäu).

Net cash flows from investing activities amounted to -€47.2 million and mainly included:

- net investments of €44 million in site operation, including:
  - €26.5 million of net investments for the renovation and improvement of the product mix for all Center Parcs Europe villages, including an investment of €10.3 million in German villages, €5.8 million in French villages, €5.4 million in Dutch villages, and €5.0 million in Belgian villages,
  - €16.2 million of net investments in residences and villages operated under the Pierre & Vacances Tourisme Europe brand, including €12.2 million in residences and villages in mainland France, €2.5 million to renovate villages in the French West Indies, and €1.5 million in residences in Spain,
  - €1.3 million of net investments in Les résidences Senioriales,
- net investments in IT systems (technical and functional improvements) in the amount of €11.7 million (websites, CRM, RendezvousCheznous platform, etc.) that partially offset the repayment of deposits and guarantees amounting to -€9.0 million net.

Net cash flow from financing activities amounted to -€13.3 million and mainly included:

- the net repayment of property development bridging loans of €8.3 million on the Les Senioriales programmes and the Pierre et Vacances Méribel Ravines and Avoriaz Crozats programmes;
- the repayment of the balance of a loan put in place for property development in Spain for a total of €2.1 million;
- the annual amortisation of financial liabilities corresponding to finance leases for €2.8 million;

5.1.4.2 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.

5

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, 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, on behalf of the institutional owners of Center Parcs Domaines, of existing cottages due to be renovated. 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)	30/09/2019	30/09/2018[1]	Changes
Goodwill	158.9	158.9	0.0
Net fixed assets	475.4	461.0	+14.4
TOTAL INVESTMENTS	**634.3**	**619.9**	**+14.4**
Equity	251.4	285.8	-34.4
Provisions for risks and charges	76.2	56.6	+19.6
Net financial debt	228.6	247.7	-19.1
WCR and others	78.1	29.8	+48.3
TOTAL RESOURCES	**634.3**	**619.9**	**+14.4**

(1) These data were restated for the impacts of the interpretation of IAS 23 published in December 2018.

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.

Net fixed assets at 30 September 2019 include:

- €130,7 million of intangible assets; this amount mainly includes the €85.9 million net value of the Center Parcs brand;
- €288.3 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 €211.2 million (including €90.7 million corresponding to finance leases for the central facilities of Domaine du Lac d'Ailette) and villages and residences from the Pierre & Vacances Tourisme Europe brands for a net amount of €71.9 million;

- non-current financial assets of €37.8 million, consisting primarily of guarantee deposits paid to property owners and to lessors and suppliers.
- €18.2 million of equity-accounted investments, mainly comprising the Group's investment in the share capital of the Adagio joint venture and in the joint venture in China;
- €0.4 million in non-consolidated investments in associates and other long-term equity investments.

The increase in net fixed assets (+€14.4 million) mainly stems from:

- investments of €44.0 million as part of tourism business operations;
- the development of information systems, net of the sale of certain assets, in the amount of €11.7 million;
- the €7.6 million increase in the value of equity-accounted investments associated with the growth in the Adagio sub-group's net income and the revaluation of the Group's interest (44%) in the joint-venture in China following capital investment from new Chinese partners.

The deduction of provisions for depreciation, amortisation and impairment for the period (-€39.5 million) and the drop in non-current financial assets (-€7.7 million) associated, in particular, with the repayment of guarantee deposits.

Equity totalled €251.4 million at 30 September 2019, (compared with €285.8 million at 30 September 2018), after taking into account:

- net income for the period of -€33.0 million;
- a drop in equity before earnings of -€1.4 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 €76.2 million at 30 September 2019, compared with €56.6 million at 30 September 2018.

At 30 September 2019, provisions for risks and expenses primarily consisted of:

- provisions for risks in relation to shares in equity-accounted companies: €43.7 million (principally, Villages Nature®);
- provisions for pensions: €17.9 million;
- provisions for renovations: €7.5 million;
- provisions for disputes, restructuring costs and site closures: €5.7 million.

The increase in provisions for risks and expenses (+€19.6 million) primarily related to the increase in the provision for investments in Villages Nature® companies (+13.2 million).

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Net debt reported by the Group at 30 September 2019 broke down as follows:

(in € millions)	30/09/2019	30/09/2018	Changes
Gross debt	342.1	354.9	-12.8
Cash (net of overdrafts/drawn revolving facilities)	-113.5	-107.3	-6.3
Net debt	**228.6**	**247.7**	**-19.1**
o/w net bank/bond debt	*132.2*	*148.8*	*-16.6*
o/w rental commitments – Ailette facilities	*96.4*	*98.9*	*-2.5*

Net debt at 30 September 2019 (€228.6 million), down €19.1 million on the previous year, mainly related 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 amounting to €7.2 million (relating to the Pierre & Vacances programmes in Méribel and Avoriaz, as well as the Les Senioriales programmes as at 30 September 2019);
- less cash and cash equivalents, net of bank overdrafts/drawn revolving facilities, of €113.5 million.

To this €132.2 million debt are added financial liabilities stemming from adjustments of sale and lease-back contracts in the amount of €97.9 million, including €96.4 million for the central facilities at Center Parcs Domaine du Lac d'Ailette.

It should be noted that, at 30 September 2019, the Group had a revolving credit facility of €200 million entered into on 14 March 2016 (maturing in 2021), as well as four confirmed credit lines totalling €34 million.

On 30 September 2019, none of these lines had been used, reflecting the high level of liquidity maintained.

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 3.50 or below at 30/09/2019, was adhered to.

5.2 Consolidated financial statements

5.2.1 Consolidated income statement

(in € thousands)	Notes	2018/2019	2017/2018 pro-forma[1]
Revenue	25	1,594,967	1,434,725
Purchases and external services[1]	26	-1,124,744	-1,004,859
Employee expenses	27	-378,166	-355,502
Depreciation, amortisation and impairment	28	-53,220	-57,309
Other operating income	29	7,968	15,752
Other operating expenses on ordinary activities	29	-16,574	-15,126
OPERATING PROFIT (LOSS) FROM ORDINARY ACTIVITIES	**3**	**30,231**	**17,681**
Other operating income and expenses[2]	30	-9,590	-4,654
OPERATING PROFIT (LOSS)	**3**	**20,641**	**13,027**
Financial income[1]	31	2,173	24,774
Financial expenses	31	-20,634	-41,751
FINANCIAL INCOME (EXPENSE) [1]		**-18,461**	**-16,977**
Income tax	32	-32,662	-27,234
Share of net income (loss) of equity-accounted investments	8	-2,543	-14,851
PROFIT (LOSS) FOR THE YEAR[1]		**-33,024**	**-46,036**
Of which:			
◆ *attributable to owners of the Company*		*-33,023*	*-46,035*
◆ *non-controlling interests*		*-1*	*-1*

(1) These data were restated for the impacts of the interpretation of IAS 23 published in December 2018 – see Note 1.2.
(2) These items are now shown on the front of the income statement – see Note 31.

5.2.2 Statement of comprehensive income

(in € thousands)	2018/2019	2017/2018 pro-forma[1]
PROFIT (LOSS) FOR THE YEAR	**-33,024**	**-46,036**
Translation adjustments	86	-11
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	**86**	**-11**
Actuarial gains and losses on retirement benefit obligations after tax	-1,355	4,608
Other comprehensive income (loss) that will not be reclassified subsequently to profit or loss, net of tax	**-1,355**	**4,608**
Other comprehensive income (loss), net of tax	**-1,269**	**4,597**
TOTAL COMPREHENSIVE INCOME	**-34,293**	**-41,439**
Of which:		
◆ *attributable to owners of the Company*	*-34,292*	*-41,438*
◆ *non-controlling interests*	*-1*	*-1*

(1) These data were restated for the impacts of the interpretation of IAS 23 published in December 2018 – see Note 1.2.

5.2.3 Consolidated statement of financial position

Assets

(in € thousands)	Notes	30/09/2019	30/09/2018 pro-forma (1)
Goodwill	4	158,951	158,951
Intangible assets	5	130,683	124,607
Property, plant and equipment	7	288,351	278,687
Equity-accounted investments	8	18,184	10,610
Non-consolidated investments in associates and other long-term equity investments	9	437	1,623
Other non-current financial assets	10	37,791	45,477
Deferred tax assets	32	59,284	73,119
NON-CURRENT ASSETS	**3**	**693,681**	**693,074**
Inventories and work in progress(1)	11/12/23	177,701	180,351
Trade receivables	13/23	252,358	236,247
Other current assets	14/23	185,411	196,223
Current financial assets	14/23	93,599	66,657
Cash and cash equivalents	15	114,806	116,230
CURRENT ASSETS	**3**	**823,875**	**795,708**
TOTAL ASSETS	**3**	**1,517,556**	**1,488,782**

Liabilities

(in € thousands)	Note	30/09/2019	30/09/2018 (1)
Share capital	16	98,052	98,045
Share premium		21,241	21,248
Treasury shares		-5,562	-5,588
Capital increase		157	1,426
Reserves(1)		170,559	216,695
Consolidated profit (loss) (1)		-33,023	-46,035
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**251,424**	**285,791**
Non controlling interests		23	23
EQUITY	**16**	**251,447**	**285,814**
Long-term borrowings	18	330,075	335,355
Non-current provisions	17	68,299	51,985
Deferred tax liabilities	32	9,628	6,648
Other non-current liabilities	22/23	9	1,603
NON-CURRENT LIABILITIES	**3**	**408,011**	**395,591**
Short-term borrowings	18	13,299	28,550
Current provisions	17	7,910	4,575
Trade payables	21/23	340,388	319,376
Other financial liabilities	22/23	476,681	420,998
Current financial liabilities	22/23	19,820	33,878
CURRENT LIABILITIES	**3**	**858,098**	**807,377**
TOTAL EQUITY AND LIABILITIES		**1,517,556**	**1,488,782**

(1) These data were restated for the impacts of the interpretation of IAS 23 published in December 2018 – see Note 1.2.

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5.2.4 Consolidated statement of cash flows

(in € thousands)	Notes	2018/2019	2017/2018 pro-forma[1]
Operating activities			
Consolidated profit (loss)		**-33,024**	**-46,035**
Depreciation, amortisation and impairment of non-current assets		44,410	39,870
Expenses on grant of share options		1	1,625
Gain (loss) on disposal of assets		-794	828
Share of profit (loss) of equity-accounted investments		2,543	14,851
Costs of net financial debt[1]	31	18,700	40,040
Change in fair value of the ORNANE monetisation option		0	-22,902
Tax expense (including deferred taxes)	32	32,662	27,234
Operating cash flows before change in working capital requirements		**64,498**	**55,510**
Net interest paid		-17,756	-33,630
Taxes paid		-12,195	-16,190
Cash flows after interest and tax[1]		**34,546**	**5,690**
Change in working capital requirements (including in employee benefits liability)		26,637	369
Inventories and work in progress[1]	11/23	2,650	3,947
Other working capital items	11/23	23,987	-4,345
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES (I)		**61,183**	**6,060**
Investing activities			
Acquisitions of property, plant and equipment, and intangible assets	5/7	-57,970	-70,001
Purchases of financial assets		-3,915	-3,589
Acquisitionsof subsidiaries (net of acquired cash)	17	-1,769	0
Subtotal of disbursements		**-63,654**	**-73,591**
Proceeds from disposals of property, plant and equipment, and intangible assets		3,254	3,978
Disposals of financial assets		11,206	2,806
Divestments of subsidiaries (net of cash paid)		2,010	0
Subtotal of receipts		**16,470**	**6,784**
Dividends received (or inflow of income) from equity-accounted investments		5,531	4,796
NET CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES (II)		**-41,653**	**-62,011**
Financing activities			
Acquisitions and disposals of treasury shares	16	-73	-102
Proceeds from new loans and other borrowings	18	7,187	184,144
Repayment of loans and other borrowings	18	-20,474	-97,322
Exchange rate effects		90	-16
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES (III)		**-13,269**	**86,703**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (IV = I + II + III) [1]		**6,261**	**30,752**
Cash and cash equivalents at start of the reporting period (V)	15	107,256	77,271
Cash and cash equivalents at reporting date (VI = IV + V)	15	113,517	107,256

(1) These data were restated for the impacts of taking into account the clarification on IAS 23 of December 2018.

5.2.5 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 2017 – PUBLISHED	**9,801,723**	**98,017**	**21,276**	**-5,541**	**-146**	**79**	**269,896**	**-56,727**	**326,854**	**24**	**326,878**
Impacts of the interpretation of IAS 23							-1,102		-1,102		-1,102
BALANCE AT 30 SEPTEMBER 2017 – PRO-FORMA[(1)]	**9,801,723**	**98,017**	**21,276**	**-5,541**	**-146**	**79**	**268,794**	**-56,727**	**325,753**	**24**	**325,777**
Capital increase					-11	0			-11		-11
Actuarial gains and losses on retirement benefit obligations							4,608		4,608		4,608
Net Profit (loss)								-46,035	-46,035	-1	-46,036
Total comprehensive income		**0**	**0**	**0**	**-11**	**0**	**4,608**	**-46,035**	**-41,438**	**-1**	**-41,439**
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**	**218,198**	**-46,035**	**285,791**	**23**	**285,814**
Capital increase					86	0			86		86
Actuarial gains and losses on retirement benefit obligations							-1,355		-1,355		-1,355
Net Profit (loss)								-33,023	-33,023	0	-33,023
Total comprehensive income		**0**	**0**	**0**	**86**	**0**	**-1,355**	**-33,023**	**-34,292**	**0**	**-34,292**
Capital increase		7	-7						0		0
Dividends paid									0		0
Change in treasury shares held				26			-99		-73		-73
Share-based payment expenses	667						-1		-1		-1
Other movements						-1			-1		-1
Allocation of profit for the year							-46,035	46,035	0		0
BALANCE AT 30 SEPTEMBER 2019	**9,805,232**	**98,052**	**21,241**	**-5,562**	**-71**	**78**	**170,708**	**-33,023**	**251,424**	**23**	**251,447**

(1) These data were restated for the impacts of the interpretation of IAS 23 published in December 2018 – see Note 1.2.

5.2.6 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 2019 on 25 November 2019.

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 2018/2019 financial year have been prepared in accordance with IFRS (International Financial Reporting Standards) as adopted by the European Union at 30 September 2019 (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 2018/2019 financial year are the same as those applied in the Group's financial statements for the 2017/2018 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 2018 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 2018, were used to prepare the financial statements for the 2018/2019 financial year.

The new standards, interpretations and amendments applied by the Group for the 2018/2019 financial year and not applied in advance in the financial statements for the 2017/2018 financial year include the following:

- IFRS 15 "Revenue from Contracts with Customers";
- IFRS 9 "Financial Instruments";
- 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 amendment to IFRS 2, on the classification and measurement of certain share-based payments;
- the IFRS 2014/2016 improvement cycle (subject to adoption by the European Union).

Apart from IFRS 15, the main impacts of which are shown below, first-time adoption of these standards did not have any material impact on the Group.

IFRS 15 – Revenue from Contracts with Customers

The application of IFRS 15 "Revenue recognition" is mandatory for reporting periods beginning on or after 1 January 2018. It introduces a single revenue recognition model.

For first-time adoption, the Group decided to apply the cumulative effect method, with no restatement for published comparative periods. Data for previous reporting periods are not, therefore, restated.

The main impacts of this new standard related to the agent/principal issue, in both the Group's tourism and property development businesses. For this reason, the Group is classed as the principal when it controls the promised service before transferring it to the customer. In this case, the revenue and expenses incurred are presented on a gross basis as separate items of the income statement. In the opposite circumstances, the Group is classed as an agent and only net remuneration is recognised as revenue.

It should be noted that the application of this new standard has no impact on the rate of recognition of the Group's property margins according to the method of advancement, the Group having always taken into account the value of the land in determining the percentage of progress of the programmes concerned.

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For the 2018/2019 reporting period, first-time adoption of IFRS 15 generated the following impacts on the Group's income statement, with no impact on the operating profit (loss) from ordinary activities nor on the consolidated profit (loss):

(in € thousands)		Excluding IFRS 15	Impacts relating to first adoption of IFRS 15	Amounts published
Revenue		1,602,548	-7,581	1,594,967
	Tourism	*1,382,001*	*-81,334*	*1,300,667*
	Property development	*220,547*	*73,753*	*294,300*
Purchases and external services		-1,145,401	20,657	-1,124,744
Other operating income		-3,498	-13,076	-16,574
Operating profit (loss) from ordinary activities		30,231	0	30,231

- The group's revenue was negatively impacted by the first-time adoption of IFRS 15. This reclassification includes:
  - on tourism revenue: the main impacts of this new standard related to the Group's classification as an agent for some of its tourism activities, particularly in relation to distribution operations. Likewise, IFRS 15 changes the way in which stay fees granted to individual investors are treated, revenue and rental charges of the same value now being set off in full, thereby reducing each of these income statement items.

    These restatements had a negative impact on the Group's tourism revenue;
  - the cost of renovation work carried out, in particular, at the Center Parcs Bois Francs (in France), Hochsauerland (in Germany) and Zandvoort (in the Netherlands), operations where the Group acts as principal according to IFRS 15 criteria. Previously, income from, and expense incurred for, renovations were shown under "purchases and external services";
  - the Group's share of the profit from the renovation of Center Parcs sites, recognised to date as other operating income from ordinary activities.

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 standard replaces the IAS 39 standard and is based on three major elements:
  - the classification and measurement of financial assets and liabilities;
  - the impairment of financial assets;
  - hedge accounting.

Analyses conducted by the Pierre & Vacances-Center Parcs Group showed that there were no impacts on the consolidated financial statements associated with the application of this new standard, both in terms of the classification and measurement of financial assets and liabilities or the impairment of financial assets, the Group not being affected by hedge accounting.

IAS 23: Borrowing costs

On 7 December 2018, the IFRS interpretations committee published a decision which now makes it impossible to incorporate borrowing costs into the production cost of a property complex sold to end customers via sale contracts that provide for an over-time transfer of control, such as an off-plan "VEFA" sale contract.

From 1 October 2017, the Group will no longer capitalise borrowing costs on its property development transactions.

Since this clarification applies retrospectively, the cancellation of financial expense accrued to that point led the Group to impact the income statement and the statement of financial position for comparative periods as follows:

Simplified statement of financial position at 30 September 2018:

	30/09/2018 Published	IAS 23	30/09/2018 Restated
Assets			
Inventories	181,542	-1,191	180,351
Liabilities			
Reserves	217,796	-1,102	216,694
Consolidated profit (loss)	-45,945	-89	-46,034
EQUITY	**287,005**	**-1,191**	**285,814**

Simplified income statement for 2017/2018:

	2017/2018 Published	IAS 23	2017/2018 Restated
Operating profit (loss) from ordinary activities	16,914	767	17,681
Financial income (expense)	-16,121	-856	-16,977
NET PROFIT (LOSS)	**-45,946**	**-89**	**-46,035**

Notes 3 – "Segment information", 11 – "Inventories and work in progress", 12 – "Contribution of property development programmes to the gross amount of inventories", 24 – "Change in working capital requirements", 30 – "Other operating income and expenses" and 32 "Financial income (expense)" were restated for the impacts of the interpretation of IAS 23 to present comparable data across all of the Group's consolidated financial statement line items.

1.3 - Future standards, amendments to standards and interpretations

Some standards published by the IASB do not apply until 30 September 2019. The assessment of the impact of these future standards on the Groups' consolidated financial statements is as follows:

IFRS 16 – Leases

IFRS 16 "Leases" is mandatory for reporting periods beginning on or after 1 January 2019, i.e. Pierre & Vacances-Center Parcs Group's 2019/2020 financial year.

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

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

The Group will apply the simplified retrospective transition method, with retrospective calculation of the right-of-use. Choosing this method means that previous periods will not be restated.

The standard provides for different levels of simplification in relation to the transition. The Group adopted those that allow for contracts with a term of less than twelve months, and contracts relating to low-value assets, to be excluded and those that allow the initial contract term to be used to determine the discount rate to apply on the transition date.

- Existing leases have been identified and the data needed to estimate the impact of IFRS 16 on the Group's profit (loss) and net position have been collected. Almost all leases related to goods leased by the Group for its tourism business (apartments, cottages, central facilities). The estimated impact on the financial statements is currently being calculated.
  - interpretation of IFRIC 23, "Uncertainty over income tax treatments" which came into force on 1 January 2019;
  - amendment to IAS 28, on long-term investments in associates and joint ventures;
  - amendments arising from IFRS 2015 – 2017 annual improvements.

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 - Scope and method 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.

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 et 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 classed as intangible assets with indefinite useful lives, the Group having decided that there was no foreseeable limit to the period over which it expects to be able to use them.

  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.

  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. 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 (projection to infinity 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;

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- 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.

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 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 pertaining to property development programmes are accrued, including marketing fees. 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.

Since 1 October 2018, the Group has applied IFRS 9 which introduced a provisioning model that aims to recognise provisions for financial assets on the basis of expected credit losses.

Counterparty risk is estimated by considering country risk, counterparty default and the nature of the operating receivable.

Further, for the accounting of contracts according to the percentage of completion method, the Group's property development 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.

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 income from any sale of treasury shares is recognised directly in 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 to estimate the cost incurred by the Group for the benefits granted. 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. It is classed as a contract liability within the meaning of IFRS 15.

This item primarily consists of 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.

To a lesser extent, this item also includes “support funds”. In fact, the sale of property assets to owners is generally accompanied by a commitment from the Group to pay annual rents in proportion to the property sale price. 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, where applicable, 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,
  - the Group’s share of the profit from renovations of Center Parcs sites.

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 transfer of control occuring 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.

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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 Revenue. 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.

Until 1 January 2019, this item also included accrued income for the Competitiveness and Jobs Tax Credit introduced by the 3rd amended finance law for 2012. On 1 January 2019, this tax credit was replaced by a permanent reduction in employer's contributions.

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.

Operating profit (loss) from ordinary activities is an intermediate aggregate intended to facilitate understanding of 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 (notably as part of STAFF departures) 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 2018/2019 financial year

Governance

Since 2 September 2019, Yann Caillère – drawing on 40 years of experience working at the highest level in leading Tourism industry companies – has been CEO of the Pierre & Vacances-Center Parcs Group.

He succeeded Olivier Bremond who was appointed deputy CEO of S.I.T.I., the Pierre & Vacances-Center Parcs Group's main holding company.

Strategic agreements in China

On 21 December 2018, S.I.T.I. acquired the full interests, previously owned by HNA Tourism Group in Pierre et Vacances S.A., i.e, or 10.00% of the Company's capital and 13.50% of its net voting rights. This acquisition put an end to all of the capital and commercial ties linking HNA Tourism and Pierre & Vacances-Center Parcs.

In August 2019, the Pierre & Vacances-Center Parcs Group signed partnership agreements with two state-owned groups that are leaders in their sectors: an investment bank and a construction and civil engineering company, which have respectively subscribed for 44% and 12% of the Chinese Joint-Venture backing Pierre & Vacances-Center Parcs activities in China, with Pierre & Vacances-Center Parcs Group holding a 44% stake.

To date, the Joint-Venture has signed project management assistance and tourism management contracts for 14 projects inspired by Center Parcs and Pierre & Vacances concepts.

Developments in the tourism offering

Opening of Center Parcs Allgaü

After an opening period affected by a spate of bad weather, the site, in operation since 2018, has enjoyed huge commercial success, recording a 90% occupancy rate in the 4th quarter.

Developing the Pierre & Vacances offering in Spain

Pierre & Vacances' Spanish holiday residence portfolio is still expanding with two new lease sites, one in Madrid and one in Andalusia (Estepona).

Developing the Adagio offering

In 2018/2019, Adagio operated four new residences (Lille, Montpellier, London and Casablanca), and opened seven new franchise sites (four in France, two in Germany, one in the Netherlands).

Temporary closure of Domaine du Lac d'Ailette

The Lac d'Ailette Center Parcs was closed between 3 September 2018 and 8 February 2019 for renovations. The site now offers refurbished accommodation, connected services and revamped leisure and catering areas.

Acquisitions operations

On 16 January 2019, the Group announced the acquisition of the business capital of French start-up RendezvousCheznous.com, a marketplace launched in 2014 that connects holidaymakers with local hosts for authentic experiences. This acquisition fits with the strategy of the Pierre & Vacances brand to round out its offer by proposing customers immersive and experiential holidays.

Center Parcs project in Roybon

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. On 21 May 2019, this same Court ruled that the area of wet lands affected by the project should be reviewed by an expert, as should those offered in compensation.

The Group is confident that the future findings of said expert review will provide positive technical answers to the questions raised by the Court of Appeal.

Threshold crossings

S.I.T.I. and the HNA Tourism Group, acting in concert, declared that, on 21 December 2018, they had crossed the threshold of 50% of the voting rights and 1/3, 30%, 25%, 20%, 15%, 10% and 5% of the share capital and voting rights of Pierre et Vacances SA and are no longer acting in concert.

This threshold crossing resulted from HNA Tourism Group's sale of its entire holding in Pierre et Vacances to S.I.T.I.

2.2 - Main changes in the scope of consolidation

Main changes in the scope of consolidation for the 2018/2019 financial year

Over the financial year, the Group structured and strengthened its development resources in China by means of strategic agreements with local partners (see Note 2 "Highlights").

As a result, the subsidiary renamed "Beau Village Limited" is now 44%-owned by the Group and consolidated using the equity method.

Other changes during the 2018/2019 financial year

In addition, during the 2018/2019 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 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).

2.3 - Main consolidated entities

French entities

Legal form	Company	Consolidation method[1]	% interest at 30/09/2019	% interest at 30/09/2018
Holding companies				
SA	Pierre & Vacances	Parent company	100.00%	100.00%
SNC	Pierre & VacancesFI	FC	100.00%	100.00%
EIG	PV-CP Services	FC	100.00%	100.00%
Tourism France				
SA	Pierre & Vacances Tourisme Europe	FC	100.00%	100.00%
Center Parcs				
SAS	Center Parcs Holding Belgique	FC	100.00%	100.00%
Property development				
SAS	PV-CP Immobilier Holding SAS	FC	100.00%	100.00%
SAS	Pierre & Vacances Senioriales Programme Immobilier	FC	100.00%	100.00%
SARL	Pierre & Vacances Transactions	FC	100.00%	100.00%
China				
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	Beau Village Limited	EA	44.00%	40.00%
Tourism				
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%
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%

Legal form	Company	Consolidation method[1]	% interest at 30/09/2019	% interest at 30/09/2018
SARL	SGRT	FC	100.00%	100.00%
SNC	SICE	FC	100.00%	100.00%
SARL	Maeva Gestion	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%
Villages Nature®				
SAS	Villages Nature® Tourisme	EA	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				
Immobilier France				
SNC	Biarritz Loisirs	FC	100.00%	100.00%
SNC	Belle Dune Clairière	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%	100.00%
SNC	Caen Meslin Loisirs	EA	40.00%	40.00%
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 Nandy	FC	100.00%	100.00%
SCI	Les Senioriales de Pont Aven	FC	100.00%	100.00%
SCI	Les Senioriales de Pringy	FC	100.00%	100.00%

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Legal form	Company	Consolidation method[1]	% interest at 30/09/2019	% interest at 30/09/2018
SCI	Les Senioriales de Rambouillet	FC	100.00%	100.00%
SCI	Les Senioriales de Soulac	FC	100.00%	100.00%
SCI	Les Senioriales de Vias	FC	100.00%	100.00%
SCI	Les Senioriales des Landes – Hinx	FC	100.00%	100.00%
SCI	Les Senioriales en Ville Cenon	FC	100.00%	100.00%
SCI	Les Senioriales en Ville de Luce	FC	100.00%	100.00%
SCI	Les Senioriales en Ville de Marseille – St Loup	FC	100.00%	100.00%
SCCV	Les Senioriales en Ville de Saint Ave	EA	50.00%	50.00%
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%	50.00%
SCCV	Les Senioriales en Ville de Mantes-la-Jolie	FC	100.00%	100.00%
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 sur Mer	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%
SCCV	Nantes Russeil	EA	50.00%	50.00%
SARL	Peterhof II	FC	100.00%	100.00%
SA	Pierre & Vacances Conseil Immobilier	FC	100.00%	100.00%
SARL	Pierre & Vacances Courtage	FC	100.00%	100.00%
SA	Pierre & Vacances Développement	FC	100.00%	100.00%
SAS	Pierre & Vacances Senioriales Promotion et Commercialisation	FC	100.00%	100.00%
SAS	Pierre & Vacances Senioriales Exploitation	FC	100.00%	100.00%

Legal form	Company	Consolidation method(1)	% interest at 30/09/2019	% interest at 30/09/2018
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 Equipement	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 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 Equipements	FC	100.00%	100.00%
Other				
SAS	Pierre & Vacances Investissement 24	FC	100.00%	100.00%
SAS	Pierre & Vacances Marques	FC	100.00%	100.00%

(1) FC: full consolidation, EA: equity accounted, N/A: not applicable.

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Foreign companies

Legal form	Company	Country	Method of consolidation[1]	% interest au 30/09/2019	% interest au 30/09/2018
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					
Center Parcs					
NV	Center Parcs België	Belgium	FC	100.00%	100.00%
GmbH	Center Parcs Bungalowpark Allgäu	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%
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	EA	19.64%	19.64%
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%
Orion					
SL	SET Orion	Spain	FC	100.00%	100.00%

Legal form	Company	Country	Method of consolidation(1)	% interest au 30/09/2019	% interest au 30/09/2018
Tourism other					
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%	100.00%
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	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.*

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Segment information

Based on the internal organisation of the Group, the segment information shows the tourism business and the property development business. This breakdown reflects the operational organisation of the Group in terms of management and control of operations.

The Group develops its activities through two complementary business lines:

- the property development segment, which aims to increase the holiday destinations available and adapt the existing residences and villages to suit changes in customer requirements. This segment includes the construction activities and the marketing to individual investors of hotel rooms, apartments and new or renovated houses. The property development programmes currently available are mainly located in France and Germany. Programmes relating to the renovation of tourism assets operated under the Center Parcs and Sunparks brands are also in the process of being developed in the Netherlands, Germany and Belgium. This segment also includes the development of the Les Senioriales, specialising in building and marketing residences in France and aimed at a customer base of active seniors;
- the tourism segment called "Tourisme Europe", which includes the operation of residences and villages marketed under the Pierre & Vacances, Adagio, Center Parcs and Sunparks brands, located in Europe, mainly France, the Netherlands, Germany, Belgium 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 €958,113,000 and €455,459,000 respectively.

Inter-segment revenue is generated under normal market conditions. No single customer represents a significant share of the revenue of the Pierre & Vacances-Center Parcs Group.

The unassigned assets include long-term investments, other assets of a financial nature, current and deferred tax receivables and non-current assets.

The unassigned liabilities include bank borrowings and current and deferred tax payables.

Note 3 Operating segment information

Since 1 October 2014, in application of IFRS 11, the Pierre et 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.

	2018/2019					
(in € thousands)	Tourism	Property development	Unassigned	Total operational reporting [1]	Impact of IFRS 11	Total
Revenue	1,390,565	332,552	-	1,723,117	-78,264	1,644,853
Intra-business group revenue	-25,472	-24,836	-	-50,308	422	-49,886
External revenue	**1,365,093**	**307,716**	**0**	**1,672,809**	**-77,842**	**1,594,967**
Operating profit (loss) from ordinary activities	**29,566**	**1,300**	**0**	**30,866**	**-635**	**30,231**
Other operating income and expenses	-6,659	-416	-2,608	-9,682	92	-9,590
Operating profit (loss)	**22,907**	**884**	**-2,608**	**21,184**	**-542**	**20,642**
Depreciation and amortisation	**-41,978**	**-321**	**0**	**-42,299**	**2,143**	**-40,156**
Impairment losses net of reversals	0	-8	0	-8	8	0
Property, plant and equipment, and intangible assets	**70,486**	**-18,424**	**9,692**	**61,754**	**-3,784**	**57,970**
Non-current assets	557,994	33,232	128,949	720,175	-26,494	693,681
Current assets	285,734	384,896	178,089	848,719	-24,844	823,875
Total assets	**843,728**	**418,128**	**307,038**	**1,568,894**	**-51,338**	**1,517,556**
Non-current liabilities	22,146	4,402	364,321	390,869	17,142	408,011
Current liabilities	607,784	233,940	85,662	927,386	-69,288	858,098
Total liabilities excluding equity	**629,930**	**238,342**	**449,983**	**1,318,255**	**-52,146**	**1,266,109**

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

	2017/2018					
(in € thousands)	Tourism	Property development [2]	Unassigned	Total operational reporting [1]	Impact of IFRS 11	Total [2]
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 [2]	**20,082**	**-10,240**	**0**	**9,842**	**7,839**	**17,681**
Other operating income and expenses	-2,901	-652	-1,123	-4,676	22	-4,654
Operating profit (loss) [2]	**17,181**	**-10,892**	**-1,123**	**5,166**	**7,861**	**13,027**
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 [2]	277,228	393,180	166,545	836,953	-41,245	795,708
Total assets [2]	**803,999**	**450,202**	**309,994**	**1,564,195**	**-75,413**	**1,488,782**
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.
(2) These data were restated for the impacts of the interpretation of IAS 23 published in December 2018 – see Note 1.2.

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Analysis of main financial position items

Note 4 Goodwill

(in € thousands)	30/09/2019	30/09/2018
Tourism 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 2019, 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 2018/2019 financial year. The position was the same at 30 September 2018.

Net amount at reporting date

(in € thousands)	30/09/2019	30/09/2018
Gross amount	181,640	181,640
Accumulated impairment loss	-22,689	-22,689
NET AMOUNT	**158,951**	**158,951**

Note 5 Intangible assets

(in € thousands)	Brand names	Other intangible assets	Total intangible assets
At 30 September 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**
Changes			
Acquisitions	-	13,431	13,431
Net disposals and retirements	-	-1,845	-1,845
Depreciation	-	-5,267	-5,267
Reclassifications	-	-243	-243
TOTAL CHANGES FOR THE YEAR	**-**	**6,076**	**6,076**
At 30 September 2019			
Gross amount	105,777	84,018	189,795
Accumulated depreciation, amortisation and impairment losses	-3,734	-55,378	-59,112
NET AMOUNT	**102,043**	**28,640**	**130,683**

Intangible assets at 30 September 2019 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 2019 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 2018/2019 financial year;
- **"Other intangible assets"** in the amount of €28,640,000. The change is essentially due to:
  - €13,431,000 in capital investment, including technical and functional enhancements to:
    - Group websites (€4,140,000),
    - IT solutions developed by the Group (€2,716,000), server renewal (€796,000) and licences (€362,000),
    - the customer database (€2,359,000),
    - the development of new management solutions for owners and business conducted under management agreements with individual owners under the maeva.com brand (€417,000),
    - Group financial services and human resources projects (€1,051,000),
    - miscellaneous IT projects for €1,590,000;
  - €1,845,000 in sales of IT solutions.

Finance leases

At 30 September 2019, the net amount of "Intangible assets" included €266,000 representing the restatement of assets under finance leases, compared with €367,000 at 30 September 2018. The corresponding residual financial liability stood at €288,000 at 30 September 2019, compared with €394,000 at 30 September 2018 (see Note 18 – "Financial liabilities").

At 30 September 2019, 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 1.10 – "Goodwill impairment tests" and Note 1.11 – "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.

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 2019 and 30 September 2018.

	30/09/2019			30/09/2018		
(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 2018)
Discount rate used	**8.5%** (the same as at 30 September 2018)
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-percent increase and decrease in the occupancy rate has an impact of +11% and -11%, 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 +10% and -10%, 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-percent increase and decrease in the margin rate has an impact of +13% and -13%, respectively, on the recoverable amount. This variation does not lead to the recognition of impairment losses.

At 30 September 2019, 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 4.9%, the average selling rate more than 5.8% or the operating margin rate more than 4.3%.

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 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**
Changes					
Acquisitions	1,934	14,485	27,084	1,037	44,540
Net disposals and retirements	-322	-213	-59	-214	-808
First-time consolidation	0	0	0	26	26
Depreciation	-430	-8,329	-17,100	-8,422	-34,281
Reclassifications	0	858	3,158	-3,818	198
TOTAL CHANGES FOR THE YEAR	**1,182**	**6,801**	**13,083**	**-11,391**	**9,675**
At 30 September 2019					
Gross amount	22,737	257,927	321,976	183,180	785,820
Accumulated depreciation, amortisation and impairment losses	-4,133	-126,554	-239,695	-127,087	-497,469
NET AMOUNT	**18,604**	**131,373**	**82,281**	**56,093**	**288,351**

Property, plant and equipment items, with a total net carrying amount of €288,351,000 at 30 September 2019, essentially include the assets used in the operations of:

- **the Center Parcs and Sunparks villages,** with a net amount of €211,242,000 (€90,680,000 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 €26,467,000 for improving the product mix of all the Center Parcs villages, including €10,310,000 for the German villages, €5,750,000 for the French villages, €5,368,000 for the Dutch villages, and €5,038,000 for the Belgian villages,
  - depreciation for the period of €23,366,000;

- **the Pierre & Vacances Tourisme Europe residences and villages,** for a net amount of €71,934,000. Property, plant and equipment mainly comprise general services, fittings and furniture needed for operating the sites.

During the financial year, the operating companies invested €16,245,000, primarily to modernise existing sites.

Depreciation for the period stood at €10,146,000.

Investment subsidies are shown as a reduction in the value of the asset for which they were received. At 30 September 2019, the Pierre & Vacances-Center Parcs Group had not recorded any significant amounts for investment subsidies.

Finance leases:

At 30 September 2019, the net amount of "Property, plant and equipment" included €94,632,000 representing the restatement of assets under finance leases, compared with €97,485,000 at 30 September 2018. The corresponding residual financial liability stood at €99,024,000 at 30 September 2019, compared with €100,358,000 at 30 September 2018 (see Note 18 – "Financial liabilities").

At 30 September 2019, the item "Finance leases" mainly covers the central facilities of the Domaine Center Parcs du Lac d'Ailette for €90,680,000; the corresponding financial liability amounted to €96,357,000.

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 2019, 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 Senioriales en Ville de Fontenay aux Roses (50%);
- Les Senioriales en Ville de Saint Avé (50%);
- Les Senioriales de Nancy (50%);
- SCCV Les Senioriales en ville de Schiltigheim (50%);
- SCCV Les Senioriales d'Angers (50%);
- Immalliance Seniors Le Pin (50%);
- Beau Village Limited (44%) see Note 2.1 on the highlights of the financial year for Strategic Agreements in China;
- SCCV Nantes Russeil (50%);
- SNC Caen Meslin (40%);
- SCCV Palaiseau RT (50%);
- SCCV Toulouse Pont Jumeaux A1 (50%).

(in € thousands)	30/09/2019	30/09/2018
Beau Village limited	3,966	791
Adagio	12,182	8,325
Les Senioriales	1,350	1,114
Other joint ventures	686	380
NET VALUE OF EQUITY-ACCOUNTED INVESTMENTS	**18,184**	**10,610**

In 2018/2019, Beau Village Limited recorded a capital increase following the acquisition of two new Chinese investors (see Note 2 on highlights).

The Group's holding in this structure (44%) was revalued and increased to €3,966,000 at the end of September 2019.

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 2019, this commitment totalled €43,684,000.

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.

2018/2019 income statement

Joint ventures summary income statement (data presented on 100% basis)	**Adagio**	**Villages Nature®**	**Other**	
Revenue	99,448	62,267	23,892	
Purchases and external services	-63,081	-54,794	-21,542	
Employee expenses	-22,239	-8,093	0	
Depreciation, amortisation and impairment	-2,720	-9,975	-819	
Other operating income and expenses	-240	-1,106	326	
OPERATING PROFIT (LOSS) FROM ORDINARY ACTIVITIES	**11,168**	**-11,701**	**1,803**	
Other operating income and expenses	-87	-99	0	
OPERATING PROFIT (LOSS)	**11,081**	**-11,800**	**1,803**	
Costs of net financial debt	-5	-3,674	-568	
Other financial income and expenses	444	-886	0	
FINANCIAL INCOME (EXPENSE)	**439**	**-4,560**	**-568**	
Tax expense	-3,756	413	-37	
PROFIT (LOSS) FOR THE YEAR (DATA PRESENTED ON 100% BASIS)	**7,764**	**-15,947**	**-2,080**	
TOTAL				
Percentage shareholding (weighted average)	50%	50%	n/a	
Group's share of profit (loss)	**3,882**	**-7,973**	**-2,246**	**-6,337**

In addition to the income (loss) generated by companies consolidated using the equity method, the income statement item "Share of net income (loss) of equity-accounted investments" also includes the impact of strategic agreements in China signed in 2018/2019 (see Note 2.1 – "Highlights").

2017/2018 income statement

Joint ventures summary income statement (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**

Statement of financial position at 30 September 2019 (financial data presented on 100% basis)

Assets *(in € thousands)*	Adagio	Villages Nature®	Other joint ventures
Non-current assets	33,084	67,408	8,864
Current assets	66,051	179,780	59,351
TOTAL ASSETS	**99,135**	**247,188**	**68,215**

Liabilities *(in € thousands)*	Adagio	Villages Nature®	Other joint ventures
Equity	24,430	-84,686	11,302
Non-current liabilities	3,434	48,796	880
Current liabilities	71,270	283,078	56,033
TOTAL EQUITY AND LIABILITIES	**99,135**	**247,188**	**68,215**

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**

Note 9 Non-consolidated investments in associates and other long-term equity investments

(in € thousands)	30/09/2019	30/09/2018
Gross amount	**437**	**1,623**
Impairment losses	-	-
NET AMOUNT	**437**	**1,623**

"Non-consolidated investments in associates and other long-term equity investments" were down by €1,186,000, mainly as a result of the sale of the 10% capital interest in Gran Dorado Zandvoort BV, Gran Dorado Port Zélande BV and Medebach Park BV held by Multi Resorts Holding BV and amounting to €1,552,000.

The other "Non-consolidated investments in associates and other long-term equity investments" are equity interests in various companies in which the Pierre & Vacances-Center Parcs Group does not have a controlling interest and over which it does not exercise significant influence.

Note 10 Other non-current financial assets

(in € thousands)	30/09/2019	30/09/2018
Gross loans and other financial assets	38,565	45,762
Impairment losses	-774	-285
TOTAL	**37,791**	**45,477**

"Loans and other financial assets", whose net carrying amount at 30 September 2019 was €37,791,000, consist primarily of guarantee deposits paid to property owners and to lessors and suppliers.

The €7,197,000 drop was primarily due to the repayment of guarantee deposits.

Note 11 Inventories and work in progress

As mentioned in Note 1.2 Changes in accounting standards (IAS 23 – Borrowing costs), the Group no longer capitalises borrowing costs on its property development transactions. Since this clarification of the IFRS Interpretation Committee, dated 7 December 2018, applies retrospectively, the cancellation of financial expense accrued to that point led the Group to impact the income statement and the statement of financial position for comparative periods presented.

The breakdown of the contribution of each of the property development programmes to the gross amount of the inventories is shown in Note 12.

(in € thousands)	30/09/2019	30/09/2018 pro-forma(1)
Work in progress(1)	154,786	138,993
Finished goods	16,908	35,487
GROSS PROPERTY DEVELOPMENT PROGRAMMES	**171,694**	**174,480**
Impairment losses	-2,408	-1,662
NET PROPERTY DEVELOPMENT PROGRAMMES	**169,286**	**172,818**
Other inventories	8,415	7,533
TOTAL	**177,701**	**180,351**

(1) These data were restated for the impacts of the interpretation of IAS 23 published in December 2018 – see Note 1.2.

Note 12 Contribution of property development programmes to the gross amount of inventories

(in € thousands)	Country	Inventories 30/09/2018[1]	Total increases	Total reductions	Inventories 30/09/2019
Center Parcs – Roybon	France	40,370	347		40,717
Sénioriales property development programmes	France	40,939	46,049	-46,592	40,396
Center Parcs Sud Ouest	France	11,138	11,218		22,356
Meribel Ravines	France	17,707	17,537	-20,420	14,824
Center Parcs Bois Francs Foncière	France	6,395	3,403	-2,146	7,652
Empuriabrava	Spain	5,746	5,964	-5,746	5,964
PV Aime La Plagne	France	5,248	684	-25	5,907
Presqu'île de la Touques	France	4,751	1,144	-909	4,986
Center Parcs Poligny (Jura)	France	4,884	0	0	4,884
Center Parcs le Rousset (Saône et Loire)	France	4,769	0	0	4,769
Avoriaz Crozats	France	4,316	4,875	-4,903	4,289
Salou	Spain	7,660	14,388	-19,300	2,748
Belle Dune Village	France	268	1,826	0	2,094
Dhuizon Loisirs	France	356	989	-365	980
Center Parcs – Kempervennen	The Netherlands	0	599	0	599
Center Parcs – Huttenheugte	The Netherlands	0	581	0	581
Center Parcs Bois Harcholins	France	2,859	50	-2,374	535
Boisroger	France	511	0	0	511
Manilva	Spain	529	0	-46	483
Center Parcs Heilbachsee	Germany	0	19,763	-19,303	460
Center Parcs – Heiderbos	The Netherlands	0	349	0	349
Center Parcs – Meerdal	The Netherlands	0	338	0	338
Flaine Montsoleil Centre	France	398	1	-66	333
Center Parcs – Bois de la Mothe Chandenier	France	1,357	73	-1,197	233
De Haan	Belgium	1,371	0	-1,371	0
Center Parcs Nordseeküste	Germany	1,152	0	-1,152	0
Center Parcs Eifel	Germany	569	0	-569	0
Lille loisirs	France	271	7,149	-7,420	0
Center Parcs Port Zelande	The Netherlands	235	0	-235	0
Center Parcs Vielsalm	Belgium	2	0	-2	0
Miscellaneous property development programmes (less than €200,000 on an individual basis)		10,676	75,042	-81,016	4,705
TOTAL VALUE OF PROPERTY INVENTORY		**174,480**	**212,370**	**-215,156**	**171,694**

(1) These data were restated for the impacts of the interpretation of IAS 23 published in December 2018 – see Note 1.2.

The increase in the gross value of property inventory includes, in particular, land acquisitions amounting to €6,006,000 (including €1,855,000 for the Center Parcs Sud-Ouest programme, €1,630,000 for the Senioriales de la Rochelle la Palice programme, €1,351,000 for the Senioriales en ville de Pessac programme and €947,000 for the Senoriales en ville de Cavaillon programme).

It should be noted that the Pierre & Vacances-Center Parcs Group has inventories relating to the Center Parcs de Roybon programme. 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.

On 21 May 2019, this same Court ruled that the area of wet lands affected by the project should be reviewed by an expert, as should those offered in compensation.

The Group is confident that the future findings of said expert review will provide positive technical answers to the questions raised by the Court of Appeal.

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Note 13 Trade receivables

(in € thousands)	30/09/2019	30/09/2018
Property development	143,220	146,196
Tourism	109,001	92,718
Services	8,638	5,480
GROSS TRADE RECEIVABLES	**260,859**	**244,394**
Property development	-362	-1,623
Tourism	-5,965	-4,370
Services	-2,174	-2,154
IMPAIRMENT LOSSES	**-8,501**	**-8,147**
TOTAL	**252,358**	**236,247**

At 30 September 2019, the net value of trade receivables had increased by €16,111,000.

This increase was mainly due to tourism business (€14,688,000).

The trade receivables ageing schedule is presented in Note 24.

Note 14 Other current assets

14.1 – Other current assets

(in € thousands)	30/09/2019	30/09/2018
Advances and prepayments to suppliers	26,454	35,816
Taxes and duties	62,405	81,350
Other receivables	47,330	37,553
GROSS AMOUNT	**136,189**	**154,719**
Provisions	-1,983	-2,184
NET OTHER RECEIVABLES	**134,206**	**152,535**
Rents	26,679	23,682
Other pre-paid expenses	24,526	20,006
PREPAID EXPENSES	**51,205**	**43,688**
TOTAL OTHER CURRENT ASSETS	**185,411**	**196,223**

Other current assets amounted to €185,411,000 at 30 September 2019, up €10,812,000 compared to the 2017/2018 financial year. This change was mainly due to the drop in tax receivables.

Over the 2018/2019 financial year, the Group transferred its competitiveness and employment tax credit (CICE) for the 2017 and 2018 calendar years. 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 €11,568,000 in the 2018/2019 financial year.

14.2 – Current financial assets

(in € thousands)	30/09/2019	30/09/2018
External current accounts	87,859	60,327
Loans under the "Ownership & Holidays" programme	5,740	6,330
TOTAL	**93,599**	**66,657**

"Current financial assets" mainly include the debit current accounts of joint ventures as well as several loans under the "Ownership & Holidays" programme.

The external current accounts item mainly consisted of Villages Nature®-related current accounts.

Note 15 Cash and cash equivalents

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

(in € thousands)	30/09/2019	30/09/2018
Cash	114,776	116,200
Cash equivalents (money market funds and deposits)	30	30
CASH AND CASH EQUIVALENTS	**114,806**	**116,230**
Bank credit balances	-1,289	-8,974
NET CASH AND CASH EQUIVALENTS	**113,517**	**107,256**

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 2019 was €98,052,320 divided into 9,805,232 shares, including:

- 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.
- 667 category C preference shares with a par value of €10, issued on 18 April 2019 and convertible into ordinary shares according to the difference between the weighted share price and the ceiling share price set at €61.50, or the floor share price set at €41, with adjustments being possible in the event of a change of control or delisting.

During the 2018/2019 financial year, the weighted average number of shares outstanding stood at 9,535,791.

Potential capital

Analysis of the potential capital and changes thereto during 2018/2019 and 2017/2018:

	30/09/2019	30/09/2018
Number of shares at 1st October	**9,804,565**	**9,801,723**
Number of shares issued during the year (prorata temporis)	303	1,822
Pierre & Vacances shares held by Pierre et Vacances SA and deducted from consolidated equity	-269,077	-266,257
Weighted average number of shares	**9,535,791**	**9,537,288**
Dilutive effect		
Pierre & Vacances bonus shares granted	357,400	370,000
Weighted average number of diluted shares	**9,893,191**	**9,907,288**

Treasury shares

During the 2018/2019 financial year, the Pierre & Vacances-Center Parcs Group vested 667 treasury shares under employee bonus share plans dating from 2017.

To support the share price, the Group also sold and acquired treasury shares generating a net cash outflow of €73,000.

At 30 September 2019, the Group held 270,428 treasury shares for a total value of €5,562,000.

Dividends paid:

The Shareholders' Combined Ordinary and Extraordinary Meeting of 7 February 2019 decided not to distribute any dividend for the 2017/2018 financial year.

Note 17 Provisions

(in € thousands)	30/09/2018	Additions	Reversals used	Reversals not used	Other changes	30/09/2019
Provisions for renovations	6,802	1,008	-196	-112	0	7,502
Provisions for retirement and other post-employment benefits	15,124	2,170	-1,075	0	1,768	17,987
Provisions for legal proceedings	3,069	1,422	-650	-323	0	3,518
Provisions for restructuring costs, employee departures and site closures	1,036	1,455	-319	-42	0	2,130
Provisions for negative equity investments	30,437				13,247	43,684
Other provisions	92	1,393	12	-109	0	1,388
TOTAL	**56,560**	**7,448**	**-2,228**	**-586**	**15,015**	**76,209**
Non-current portion	51,985					68,299
Current portion	*4,575*					*7,910*

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, staff departures and site closures relate to the reorganisation of some of the Group's activities, as well as its selective lease renewal policy, resulting in the closure of loss-making sites.

The provision for negative equity investments which amounted to €43,684,000 at 30 September 2019, up €13,247,000 on 2018/2019, primarily related to Villages Nature® companies.

(in € thousands)	30/09/2019	30/09/2018
Provisions for renovations	7,314	6,621
Provisions for retirement and other post-employment benefits	16,361	13,950
Provisions for legal proceedings	897	760
Provisions for restructuring costs, employee departures and site closures	135	211
Other provisions	43,592	30,443
NON-CURRENT PROVISIONS	**68,299**	**51,985**
Provisions for renovations	188	181
Provisions for retirement and other post-employment benefits	1,626	1,174
Provisions for legal proceedings	2,621	2,309
Provisions for restructuring costs, employee departures and site closures	1,995	825
Other provisions	1,480	86
CURRENT PROVISIONS	**7,910**	**4,575**
TOTAL	**76,209**	**56,560**

Provisions for legal proceedings

Provisions for legal proceedings amounted to €3,518,000 in total, including €2,621,000 of current provisions and €897,000 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)	Tourism business-related disputes	Property development	Individual employee disputes	Total
Balance at 30 September 2018	**0**	**140**	**2,929**	**3,069**
New legal proceedings	498		924	1,422
Reversals related to expenses for the financial year	-76		-574	-650
Reversals not used	0		-323	-323
BALANCE AT 30 SEPTEMBER 2019	**422**	**140**	**2,956**	**3,518**

At 30 September 2019, 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 2019. The main actuarial assumptions used are as follows:

	30/09/2019	30/09/2018
	France	France
Discount rate	0.25%	1.50%
Salary increase rate	1.70%	1.80%
Inflation rate	1.50%	1.75%

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:

	30/09/2019			30/09/2018		
(in € thousands)	Retirement plans	Other benefits	Total	Retirement plans	Other benefits	Total
Discounted benefit obligation	152,346	8,224	160,570	122,535	7,098	129,633
Fair value of plan assets	142,583		142,583	114,509		114,509
NET LIABILITY RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION	**9,763**	**8,224**	**17,987**	**8,026**	**7,098**	**15,124**

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

	2018/2019			2017/2018		
(in € thousands)	Retirement plans	Other benefits	Total	Retirement plans	Other benefits	Total
Actuarial liability start of the reporting period	**8,026**	**7,098**	**15,124**	**14,505**	**7,172**	**21,677**
Current service cost	689	447	1,136	1,527	620	2,147
Interest cost	110	96	206	1,660	99	1,759
Return on plan assets	0	0	0	-1,454	0	-1,454
Contributions received and benefits paid	-853	-490	-1,343	-305	-583	-888
Recognised actuarial differences	1,790	446	2,236	-6,158	-122	-6,280
Past service cost	0	624	624	-1,755	-88	-1,843
Change in scope of consolidation	0	2	2	6	0	6
ACTUARIAL LIABILITY AT 30 SEPTEMBER	**9,763**	**8,224**	**17,987**	**8,026**	**7,098**	**15,124**

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

(in € thousands)	Financial year 2018/2019	Financial year 2017/2018
Fair value of investments at start of the reporting period	**114,509**	**111,449**
Effective return on plan assets	1,590	1,432
Employer contributions received	749	304
Contributions received from plan members	345	488
Benefits paid and expenses for the year	-2,595	-2,368
Actuarial difference	27,985	3,204
FAIR VALUE OF INVESTMENTS AT END OF THE REPORTING PERIOD	**142,583**	**114,509**

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 €7,188,000. Conversely, a 0.25 point decrease in the asset discount rate would increase the fair value of the plan assets for the year by €7,494,000.

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

(in € thousands)	30/09/2019	30/09/2018
Insurance	142,583	114,509
FAIR VALUE	**142,583**	**114,509**

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 €6,781,000. Conversely, a 0.25 point decrease in the discount rate would increase the discounted obligation by €7,276,000.

Note 18 Financial liabilities

(in € thousands)	30/09/2019	30/09/2018
Long-term borrowings		
Amounts due to credit institutions	0	2,142
Bond issue	232,502	231,720
Bridging loans	2,226	3,174
Finance leases	94,498	97,494
Other financial liabilities	849	825
SUB-TOTAL LONG-TERM BORROWINGS	**330,075**	**335,355**
Short-term borrowings		
Amounts due to credit institutions	3,673	4,014
Bridging loans	4,968	12,305
Finance leases	3,369	3,257
Bank credit balances (including the portion of revolving loans drawn down)	1,289	8,973
SUB-TOTAL SHORT-TERM BORROWINGS	**13,299**	**28,550**
TOTAL	**343,374**	**363,905**

In 2018/2019, financial liabilities were down by €20,531,000, including:

- -€13,287,000 for the collection and repayment of loans and other borrowings, which were listed as financing activities in the statement of cash flows;
- -€7,684,000 relating to the reduction of bank overdrafts;
- €342,000 drop in interest accrued (which appears under "Interest paid" in the statement of cash flows);
- +€782,000 for other changes, with no impact on the Group's cash.

Bank borrowings and bridging loans at 30 September 2019 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 2019, this borrowing was recognised in the Group's consolidated financial statements as €97,545,000;

- 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 was subscribed for by French institutional investors. The opening rate of 4.25% was contractually increased to 4.50% in 2018/2019, in line with the adjusted net debt to Ebitdar ratio obtained by the Group at the end of the previous reporting period.

At 30 September 2019, this borrowing was recognised in the Group's consolidated financial statements as €59,543,000;

- 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 was subscribed for by French institutional investors. The opening rate of 3.90% was contractually increased to 4.25% in 2018/2019, in line with the adjusted net debt to Ebitdar ratio obtained by the Group at the end of the previous reporting period. At 30 September 2019, this borrowing was recognised in the Group's consolidated financial statements as €75,414,000.

The loan agreement signed on 14 March 2016, in the form of a €200 million revolving credit line, was unused at 30 September 2019.

In addition, the Pierre & Vacances-Center Parcs Group has four other confirmed credit lines, which break down as follows:

- €15 million, due in May 2020;
- €10 million;
- €5 million;
- €4 million, due in March 2023.

There was no drawdown against any of these credit lines at 30 September 2019.

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

- bridging loans of €7,194,000 put in place for property development programmes, including in particular:
  - €2,812,000 for the Les Senioriales en Ville du Teich property development programme,
  - €1,440,000 for the Senioriales de la Rochelle Laleu property development programme,
  - €1,302,000 for the Meribel Ravines Premium property development programme,
  - €854,000 for the Avoriaz Crozats Loisirs property development programme,
  - €786,000 for the Senioriales en ville de Cavaillon property development programme.

During the same period, the Group also repaid loans representing cash outflows of €20,474,000, including primarily:

- €12,893,000 corresponding to the repayment of various bridging loans,
- €2,142,000 for the 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)	30/09/2019	30/09/2018
Le Domaine du Lac d'Ailette	96,357 (1)	98,904
PV SA	214 (2)	394
CPE	1,296 (3)	1,453
TOTAL	**97,867**	**100,751**

(1) The underlying net asset (€90,680,000 at 30 September 2019) is recorded in property, plant and equipment (see Note 7).
(2) The underlying net asset (€189,000 at 30 September 2019) is recorded in intangible assets (see Note 5).
(3) The underlying net asset (€1,122,000 at 30 September 2019) is recorded in intangible assets.

5

Breakdown by maturity

Breakdown of the change in maturity of gross borrowings and other financial liabilities:

	Balance at *(in € thousands)*	
Maturities	**30/09/2019**	**30/09/2018**
Year N+1	13,299	28,550
Year N+2	5,467	8,326
Year N+3	3,253	3,098
Year N+4	160,737 (1)	3,308
Year N+5	3,811	159,846
Year > N+5	156,807 (2)	160,778
TOTAL	**343,374**	**363,905**

(1) including €97,545,000 for the ORNANE-type bond and €59,543,000 for the Euro PP-type bond.
(2) including €75,414,000 for the Euro PP-type bond.

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 2019 relate to restatements of finance leases and bond issues. The nominal amount of the fixed-rate borrowings was €330,369,000. The majority of these borrowings carry interest at percentages between 2.00% and 6.02%.

Issue date	Maturity date	Principal amount outstanding at 30/09/2019 *(in € millions)*	Interest rate
Finance leases			
21/09/2005	31/12/2038	96,4	6.02%
01/10/2009	30/09/2021	0,2	6.00%
01/10/2014	31/12/2024	1,3	6.00%
Bond issue			
06/12/2017	01/04/2023	97,5	2.00%
14/02/2018	14/02/2025	75,4	4.25%
19/07/2016	31/12/2022	59,5	4.50%
TOTAL		**330,4**	

Variable rate

The principal amount of variable rate bank borrowings and bridging loans is €7,194,000 with a 3-month Euribor + margin rate.

To manage the risk associated with interest rate fluctuations on variable rate borrowings, the Pierre & Vacances-Center Parcs Group has, in the past, set up interest rate swap contracts.

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:

Issue date	Maturity date	Bridging loans Principal amount outstanding at 30/09/2019 *(in € millions)*	Interest rate
Bridging loans:			
20/07/2018	30/06/2020	2,8	3-month Euribor + margin
02/08/2019	02/08/2021	1,4	3-month Euribor + margin
15/09/2017	31/12/2020	1,3	3-month Euribor + margin
18/05/2018	31/05/2020	0,9	3-month Euribor + margin
10/07/2019	31/12/2020	0,8	3-month Euribor + margin
SUB-TOTAL		**7,2**	
TOTAL		**7,2**	

Collateral

(in € thousands)	30/09/2019	30/09/2018
Guarantees and pledges	186,962	193,827
Mortgages	6,000	13,400
TOTAL	**192,962**	**207,227**

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 – Saint Priest for €3,000,000,
  - Les Senioriales – Nîmes for €3,000,000.

Breakdown of the change in maturity of collateral:

Maturities	Balance at *(in € thousands)* 30/09/2019	30/09/2018
Year N+1	29,204	16,270
Year N+2	7,351	30,239
Year N+3	5,440	7,609
Year N+4	4,894	4,894
Year N+5	5,197	5,197
Year > N+5	140,876	143,018
TOTAL	**192,962**	**207,227**

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)	IFRS 9 category	30/09/2019 Carrying amount	30/09/2018 Carrying amount
ASSETS			
Non-consolidated investments in associates and other long-term equity investments	Assets at fair value through other comprehensive income	437	1,623
Related receivables	Assets at amortised cost	1	1
Loans and other financial assets	Assets at amortised cost	37,790	45,476
Non-current financial assets		**38,227**	**47,100**
Trade receivables	Assets at amortised cost	252,358	236,247
Other current assets(1)	Assets at amortised cost	45,347	35,369
Current financial assets	Assets at amortised cost	93,599	66,657
Cash and cash equivalents	Assets at fair value through profit or loss	114,806	116,230
LIABILITIES			
Amounts due to credit institutions	Liabilities at amortised cost	3,673	6,156
Bond issue	Liabilities at amortised cost	232,502	231,720
Finance leases	Liabilities at amortised cost	97,867	100,751
Bank credit balances	Liabilities at amortised cost	1,289	8,973
Other financial liabilities	Liabilities at amortised cost	8,043	16,305
Financial liabilities (including short-term portion)		**343,374**	**363,905**
Other non-current liabilities	Liabilities at amortised cost	9	1,603
Trade payables	Liabilities at amortised cost	340,388	319,376
Other current liabilities(1)	Liabilities at amortised cost	141,501	119,254
Financial instruments	Financial liabilities at fair value	-	-
Other current financial liabilities	Liabilities at amortised cost	19,820	33,878

(1) Other current assets and liabilities are restated for items not considered to be "financial instruments" within the meaning of IFRS 9. Thatis to say, advances and prepayments made and received, receivables and liabilities due to the State and prepaid expenses and deferred income.

Financial instruments are classed according to procedures defined by IFRS 9.

Note 20 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 2019, the Pierre & Vacances-Center Parcs Group's net cash and cash equivalents balance stood at €113,487,000. This balance equals the gross amount of cash and cash equivalents (€114,776,000) less bank overdrafts (€1,289,000).

Furthermore, as indicated in Note 18, the Group has four confirmed credit lines, as well as one revolving credit line. There was no drawdown against any of these credit lines at 30 September 2019. The Group has therefore no liquidity risk.

Analysis of assets and liabilities associated with financing activities at 30 September 2019:

		Maturities		
(in € thousands)	**30/09/2019**	**< 1 year**	**1 to 5 years**	**> 5 years**
Amounts due to credit institutions	3,673	3,673	0	0
Bond issue	232,502	0	157,088	75,414
Finance leases	97,867	3,369	13,955	80,543
Other financial liabilities	8,043	4,967	2,226	850
Bank credit balances	1,289	1,289	-	-
Gross financial liabilities	**343,374**	**13,298**	**173,269**	**156,807**
Cash equivalents	-30	-30	-	-
Cash assets	-114,776	-114,776	-	-
NET FINANCIAL DEBT	**228,568**	**-101,508**	**173,269**	**156,807**

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".

When the Corporate loan was refinanced in March 2016, a single financial ratio was followed: EBITDAR to adjusted net financial debt (adjusted net financial debt = the Group's net financial debt, plus rent commitments for the next five years, discounted at a rate of 6.0%; EBITDAR = Group operating profit (loss) from ordinary activities plus depreciation, amortisation and impairment, and expenses on grant of share options, before rent for the financial year, excluding registered offices). This ratio must remain less than or equal to 3.50 for the 2018/2019 financial year, a cap set due to the Group's high level of liquidity at the end of September 2019, in accordance with the amendment to the credit agreement signed in February 2019.

This covenant is calculated contractually only once a year, at 30 September. The Pierre & Vacances-Center Parcs Group complied with this ratio for the 2018/2019 financial year.

At 30 September 2019, contractual interest payments not discounted on financial liabilities outstanding, by maturity date, were as follows:

		Maturities		
	30/09/2019	< 1 year	1 to 5 years	> 5 years
Contractual interest payments not discounted on outstanding financial liabilities	**107,527**	**14,832**	**49,629**	**43,066**

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 2019:

		Maturities		
(in € thousands)	30/09/2019	< 1 year	1 to 5 years	> 5 years
Fixed rate borrowings	232,502	0	157,088	75,414
Variable rate borrowings	7,194	4,968	2,226	-
Other liabilities	850	-	-	850
Accrued interest expense	3,673	3,673	-	-
FINANCIAL LIABILITIES	**244,219**	**8,641**	**159,314**	**76,264**
Fixed rates loans	5,653	469	1,841	3,343
Variables rate loans	23,840	2,544	21,296	-
Variable rate cash equivalents	30	30	-	-
FINANCIAL ASSETS	**29,523**	**3,043**	**23,137**	**3,343**
NET POSITION	**214,696**	**5,598**	**136,177**	**72,921**

The variable rate net position after management at 30 September 2019 was as follows:

(in € thousands)	30/09/2019
Borrowings	7,194
Loans	23,840
Cash equivalents	30
NET POSITION	**-16,676**

A 1% increase or decrease in short-term rates would have an effect of -€0.1667 thousand and +€0.1667 thousand, respectively, on net financial income (expenses) for the 2018/2019 financial year, compared with -€18.5 million of net financial expenses for the 2018/2019 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 21 Trade payables

(in € thousands)	30/09/2019	30/09/2018
Tourism	260,927	237,239
Property development	62,074	67,729
Services	17,387	14,408
TOTAL	**340,388**	**319,376**

"Trade payables" were up by €21,012,000.

The trade payables ageing schedule is presented in Note 24.

Note 22 Other current and non-current liabilities

22.1 - Other current and non-current liabilities

(in € thousands)	30/09/2019	30/09/2018
Advances and deposits on orders in progress	146,121	132,418
VAT and other tax liabilities	63,538	62,957
Employee and social security liabilities	65,095	63,126
Lease liabilities	9	1,603
Other liabilities	76,406	56,128
OTHER OPERATING LIABILITIES	**351,169**	**316,232**
Property sales and support funds	88,702	74,471
Other deferred income	36,819	31,898
DEFERRED INCOME	**125,521**	**106,369**
TOTAL OTHER LIABILITIES	**476,690**	**422,601**
Other financial liabilities	476,681	420,998
Other non-current liabilities	9	1,603

The €54,089,000 increase in "Other current and non-current liabilities" is essentially due to the increase in other operating liabilities of €34,937,000.

22.2 - Current financial liabilities

(in € thousands)	30/09/2019	30/09/2018
External current accounts	19,820	33,878
TOTAL	**19,820**	**33,878**

"Current financial liabilities" mainly relate to current accounts with third parties linked to the Group or partners.

Note 23 Change in working capital requirements

Change in working capital requirement for the 2018/2019 financial year:

		30/09/2018[1]	Activity-related changes	Other changes	30/09/2019
Net inventory value[1]		180,351	-2,650	0	177,701
Trade receivables		236,247	16,167	-55	252,358
Other current assets		262,880	16,118	13	279,010
TOTAL WORKING CAPITAL REQUIREMENT – ASSETS	**A**	**679,478**	**29,634**	**-42**	**709,069**
Trade payables		319,376	21,058	-36	340,388
Other current and non-current liabilities		456,479	40,039	-7	496,521
TOTAL WORKING CAPITAL REQUIREMENT – LIABILITIES	**B**	**775,855**	**61,097**	**-43**	**836,908**
WORKING CAPITAL REQUIREMENTS	**A-B**	**-96,377**	**-31,463**	**1**	**-127,839**
including change in non-operating receivables and payables			*-4,826*		
including change in operating receivables and payables			*-26,637*		

(1) These data were restated for the impacts of the interpretation of IAS 23 published in December 2018 – see Note 1.2

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 24 Maturity of receivables and liabilities

(in € thousands)	30/09/2019	Amounts not yet due or due for <1 year	Amounts due in 1 to 5 years	Amounts due in >5 years
Other non-current financial assets	37,791	37,784	7	-
Trade receivables (net)	252,358	252,338	20	-
Other current assets and current financial assets	279,010	278,025	975	10
TOTAL ASSETS	**569,159**	**568,147**	**1,002**	**10**
Other non-current liabilities	9	9	-	-
Trade payables	340,388	340,388	-	-
Other current liabilities and current financial liabilities	496,501	496,501	-	-
TOTAL LIABILITIES	**836,898**	**836,898**	**-**	**-**

Analysis of main income statement items

Note 25 Revenue

(in € thousands)	2018/2019	2017/2018
Tourism	1,300,667	1,300,790
including Rental income	*869,361*	*814,399*
including revenue from services[1]	*431,305*	*486,391*
Property Development	294,300	133,935
TOTAL	**1,594,967**	**1,434,725**

(1) Catering, events, mini-market, stores, marketing, etc.

2018/2019 revenue was negatively impacted by the first-time adoption of IFRS 15 which had an impact of €(81,334,000) on tourism revenue and +€73,753,000 on the Group's property development revenue. Details of these impacts are provided in Note 1.2.

Since the Group decided to apply the cumulative effect method, data for previous financial years were not restated and were presented before the impacts of this new standard.

Revenue by country

(in € thousands)	2018/2019	2017/2018
France	721,186	796,598
The Netherlands	229,751	215,768
Germany	162,559	113,103
Belgium	122,674	117,381
Spain	64,497	57,888
Italy	0	52
TOURISM	**1,300,667**	**1,300,790**
France	236,927	113,891
Germany	18,738	3,536
Spain	8,440	10,885
The Netherlands	19,529	1,961
Belgium	9,029	560
China	1,637	3102
PROPERTY DEVELOPMENT	**294,300**	**133,935**
TOTAL	**1,594,967**	**1,434,725**

Revenue in France, where the registered office is located, amounted to €958,113,000.

At 30 September 2019, the Group's order book stood at €688.3 million for its property development business, reflecting the amount of revenue still to be recognised for performance obligations not yet satisfied or partially satisfied on the reporting date.

(in € millions)	2018/2019	2017/2018
Property reservations	688.3	364.4
Number of apartments	2,939	1,756
Average price	234.2	207.5

Note 26 Purchases and external services

(in € thousands)	2018/2019	2017/2018 pro-forma[(1)]
Cost of goods sold – Tourism	-48,327	-45,566
Cost of inventories sold – Property development[(1)]	-197,032	-73,436
Rent and other co-ownership expenses	-478,998	-472,843
Subcontracted services (laundry, catering, cleaning)	-88,301	-87,822
Advertising and fees	-135,117	-130,289
Other (including holiday purchases)	-176,969	-194,903
TOTAL	**-1,124,744**	**-1,004,859**

(1) These data were restated for the impacts of the interpretation of IAS 23 published in December 2018 – see Note 1.2.

Purchases and external services amounted to an expense of €1,124,744,000 in the 2018/2019 financial year, up €119,117,000 compared with the 2017/2018 financial year.

In addition, further to the adoption of IFRS 15, the item "Other (including holiday purchases)" was up €17,934,000. The Group does, in fact, act as an agent for some tourism activities and no longer presents holiday purchases in relation to this activity as a cost but as a deduction from revenue (see 1.2).

Likewise, the item "cost of inventories sold – property development" was up €123,596,000 on the previous year, primarily as a result of the application of IFRS 15 solely to the 2018/2019 financial year.

Rent expense for the 2018/2019 financial year to individual and institutional owners of the land and buildings of the residences and villages operated by the Group was €382 million, compared with €372 million in 2017/2018.

Due to the application of IFRS 15 at 30 September 2019 and given the Group's use of the "cumulative effect" method in relation to IFRS 15 resulting in the lack of restatement of published comparative periods, the rent expense shown above does not take into consideration rents known as Rents "in Kind" at 30 September 2019, even though they appeared in the amount referred to above for the financial year ended on 30 September 2018.

In this context, as a measure of comparability with the previous year and so as to reflect the same economic reality as the one depicted earlier, the amount of rent received by individual and institutional owners stood at €400.4 million in 2018/2019 in accordance with accounting principles applied on a consistent basis, compared with €372 million the previous year. This increase in rent expenses followed the opening of the Center Parcs Allgäu site in Germany in October 2018.

Note 27 Employee expenses

(in € thousands)	2018/2019	2017/2018
Salaries and wages	-295,487	-271,700
Social security expenses	-81,376	-82,878
Defined-contribution and defined-benefit plan expenses	-1,302	701
Share-based payment expenses	-1	-1,625
TOTAL	**-378,166**	**-355,502**

Employee expenses amounted to €378,166,000, up by €22,664,000 compared with the 2017/2018 financial year.

This amount also included the recognition of accrued income of €1,546,000 corresponding to the competitiveness and employment tax credit (*Crédit d'Impôt pour la Compétitivité et l'Emploi* – CICE) for the period from 1 October 2018 to 1 January 2019, compared with €6,132,000 for the previous financial year, given the change in related legislation (see Note on accounting principles).

Share-based payment expenses

The features of the plans reported are as follows:

Date of grant by the Board of Directors (in € thousands)	Type[1]	Number of options granted	End date of the vesting period	Share-based payment expenses 2018/2019	Share-based payment expenses 2017/2018
18/04/2017	AGM	79,700	18/04/2019	-1	-945
TOTAL		**79,700**		**-1**	**-945**

(1) AGM: 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 18/04/2017	€40.48	0€	34.32%	18/04/2019	4 years	0.008%	0.0%	3%	€24.46

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Note 28 Depreciation, amortisation and impairment

(in € thousands)	2018/2019	2017/2018
Depreciation	-40,156	-42,126
Additions to provisions	-13,064	-15,183
TOTAL	**-53,220**	**-57,309**

Note 29 Other operating income and expenses from ordinary activities

(in € thousands)	2018/2019	2017/2018
Taxes and duties	-7,524	-7,043
Other operating expenses on ordinary activities	-9,050	-8,083
Other operating income from ordinary activities	7,968	15,752
TOTAL	**-8,606**	**626**

"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.

In 2017/2018, the Group's share of the profit from the renovation of Center Parcs Hochsauerland (in Germany) and Zandvoort (in the Netherlands) was shown as "other income". Since the adoption of IFRS 15, in 2018/2019, these transactions have been shown as revenue, given the performance obligations met under IFRS 15 criteria.

Note 30 Other operating income and expenses

(in € thousands)	2018/2019	2017/2018
Restructuring and site closure costs, net of provisions	-5,752	-1,494
Gains (losses) on disposals	794	-828
Third party compensation costs as a result of site opening	-1,217	-508
Other	-3,415	-1,824
TOTAL	**-9,590**	**-4,654**

"Other operating income and expenses" represented expenses of €9,590,000 including not only site withdrawal costs but also costs relating to Group restructuring (-€4,145,000) which were mainly responsible for the change in this item.

In 2017/2018, this item represented expenses of €4,654,000. They primarily include costs and provisions associated with restructuring and site closures (-€1,494,000) as well as income from the disposal of property, plant and equipment for -€828,000.

Note 31 Financial income (expense)

(in € thousands)	2018/2019	2017/2018 pro-forma[1]
Gross borrowing costs	-19,074	-40,292
Income from cash and cash equivalents[1]	374	252
COSTS OF NET FINANCIAL DEBT	**-18,700**	**-40,040**
Income from loans	1,070	1,052
Other financial income	729	568
Other financial expenses	-1,560	-1,459
Change in the fair value of the ORNANE derivative	0	22,902
OTHER FINANCIAL INCOME AND EXPENSES	**239**	**23,063**
TOTAL	**-18,461**	**-16,977**
Total financial expenses	*-20,634*	*-41,751*
Total financial income	*2,173*	*24,774*

(1) These data were restated for the impacts of the interpretation of IAS 23 published in December 2018 – see Note 1.2.

Net financial expenses totalled €18,461,000 in the 2018/2019 financial year, compared with €16,977,000 in the 2017/2018 financial year.

2018/2019 financial income (expense) was down €1,484,000 on the previous year due, in particular, to the full-year recognition of financial expenses incurred for the Euro PP 2025 and the ORNANE 2023, subscribed for in the previous year.

Note 32 Income tax and deferred tax

Breakdown of the tax expense

(in € thousands)	2018/2019	2017/2018
Consolidated profit (loss) before tax	**2,182**	**-3,861**
Untaxed income:		
Impact of losses carried forward and other temporary differences not recognised or exceeding thresholds	27,097	54,207
Use of recognised tax loss carryforwards	0	-11,475
Intra-group transactions having a tax impact	1,078	505
Other untaxed income	6,997	-14,452
Consolidated taxable income	**37,353**	**24,924**
Group tax rate	34.43%	34.43%
Theoretical tax benefit at corporate tax rate applicable in France	**-12,861**	**-8,581**
Differences on tax rates abroad	4,454	-1,674
CVAE	-4,074	-3,252
Other	-20,181	-13,726
GROUP TAX INCOME (EXPENSE)	**-32,662**	**-27,234**
of which tax payable (including CVAE)	-15,243	-11,885
of which deferred taxes	-17,418	-15,348

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 €6,997,000 for 2018/2019 and mainly correspond to non-deductible financial expenses, including caps on financial expenses, undercapitalisation interest, leasing costs and the CICE.

The other elements of the breakdown of deferred tax expenses primarily relate to the reversal of tax receivables in France amounting to €16.1 million, the increasing internationalisation of the Group's activities reducing the capacity to use tax losses in France in the medium term (the Group uses a time horizon between five and six years, even though tax losses can be carried forward indefinitely). In addition, a reversal of tax receivables amounting to €2.7 million was also recognised in Spain in 2018/2019.

The second Court of Appeal ruling handed down on 5 February 2019, which was not appealed by the tax authority, put an end to Pierre et Vacances SA's dispute with the French Tax Authorities relating to a tax audit for the financial years 2003/2004, 2004/2005 and 2005/2006 for which it obtained a favourable outcome. The total amount of its tax loss carry forwards was reinstated and no tax was found to be owed. This dispute has, therefore, been settled.

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)	30/09/2018	Change through profit or loss	Change through other comprehensive income or loss	30/09/2019
France	7,543	77	492	8,112
The Netherlands	-18,979	-889	100	-19,768
Belgium	1,765	-1,088	10	687
Germany	531	-797	0	-266
Spain	-168	52	0	-116
Italy	175	0	0	175
China	21	-21	0	0
Deferred taxes on temporary differences	**-9,112**	**-2,666**	**602**	**-11,176**
France	66,568	-16,100	0	50,468
Belgium	1,385	-90	0	1,295
Germany	1,935	4,184	0	6,119
Spain	5,695	-2,747	0	2,948
Deferred tax on losses carried forward	**75,583**	**-14,753**	**0**	**60,830**
TOTAL	**66,471**	**-17,419**	**602**	**49,654**
of which deferred tax assets	*73,119*			*59,284*
of which deferred tax liabilities	*-6,648*			*-9,628*

At 30 September 2019, the Group's net deferred tax position amounted to €49,654,000, -€11,176,000 of which represent temporary differences. This amount 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 €60.8 million, including €50.5 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 was set at between five and six years.

The tax rules applicable at the reporting date, namely those approved at 30 September 2019, 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 €398.8 million. This relates to the French tax consolidation group for an amount of €267.6 million.

Note 33 Earnings per share

Average number of shares

	2018/2019	2017/2018
Number of shares issued at 1st October	9,804,565	9,801,723
Number of shares issued during the financial year	303	1,822
Number of shares issued at the end of the period	**9,804,868**	**9,803,545**
Weighted average number of shares	9,535,791	9,537,288
Weighted average number of potential shares	**9,893,191**	**9,907,288**

The various dilutive instruments included in calculating the weighted average number of shares after dilution are presented below:

Number of bonus shares (AGM) awarded by the Board of Directors	Type	Exercise price *(in €)*	2018/2019	2017/2018
of 02/02/2016	AGM	0	284,200	290,300
on 18/04/2017 and outstanding	AGM	0	73,200	79,700
		-	**357,400**	**370,000**

Earnings per share

	2018/2019	2017/2018
Profit (loss) attributable to owners of the Company *(in € thousands)*	-33,023	-45,945
Weighted basic earnings (loss) per share, attributable to owners of the Company *(in €)*	-3.46	-4.82
Weighted diluted earnings (loss) per share, attributable to owners of the Company *(in €)*(1)	-3.46	-4.82

(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 34 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:

	2018/2019	2017/2018
Management	1,412	1,393
Supervisory staff and other employees	6,877	6,448
TOTAL	**8,289**	**7,841**

Note 35 Off-statement of financial position commitments

The collateral granted by the Group to secure its bank loans and reciprocal commitments are detailed in Note 18 – "Financial liabilities". They are therefore not included in the table below:

	Maturities				
(in € thousands)	**< 1 year**	**1 to 5 years**	**> 5 years**	**30/09/2019**	**30/09/2018**
Rent commitments	348,214	1,263,975	1,855,820	3,468,009	2,183,602
Other commitments given[1]	30,654	11,412	120,010	162,076	146,935
Commitments given	**378,868**	**1,275,387**	**1,975,830**	**3,630,085**	**2,330,537**
Completion guarantees	41,078	23,825	0	64,903	71,668
Other commitments received	3,516	1,634	39,610	44,760	36,540
Commitments received	**44,594**	**25,459**	**39,610**	**109,663**	**108,208**

(1) Including the recognition of compensation for the non-renewal of leases on some Center Parcs sites.

The increase in rent commitments was primarily due to the opening of the Center Parcs Allgäu site, as well as to lease renewals for Center Parcs Bispingen, Heijderbos, Kempervennen and Erperheide 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 2019, the rent remaining to be paid by the Group over the residual term of these leases amounted to €3,468 million. The present value of these rent commitments, discounted at a rate of 6.0%, is €2,446 million, of which €1,365 million has a maturity of five years or less.

Breakdown of rent commitments by business segment and maturity date at 30 September 2019:

		Maturities					
(in € thousands)	**30/09/2019**	**< N+1**	**N+2**	**N+3**	**N+4**	**> N+5**	**> N+5**
Pierre & Vacances Tourisme Europe	687,397	124,531	109,060	94,558	86,333	74,425	198,490
Center Parcs Europe	2,780,612	223,683	225,704	228,619	223,925	221,351	1,657,330
TOTAL	**3,468,009**	**348,214**	**334,764**	**323,177**	**310,258**	**295,776**	**1,855,820**

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 25 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 or variable indexation reflecting inflation or the rent reference index applicable in the country in which the assets are located, generally with floor and ceiling rates.

- At 30 September 2019 other commitments given mainly comprised:
  - commitments given under the IT solutions and material outsourcing contract, totalling €23,405,000;
  - a guarantee not exceeding €17,785,000 given to Explotacion Turistica Pierre et Vacances España SLU;
  - 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. On 26 September 2019, the Administrative Court of Montreuil found in favour of PV SA and fully discharged its obligation to pay the sum claimed by the tax authority. The procedure to discharge this lien, as well as a claim for repayment of related interest, is under way;
  - a €10,318,000 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 2019 resulted from:

- new guarantees issued during the year for a total amount of €15,932,000. The programmes in question are Les Seniorales – Ville de Pessac (€9,870,000) and Les Senioriales – Ville de Cavaillon (€6,049,000) ;
- a total reduction of €24,913,000 arising from the partial reduction and end of several guarantees during the financial year, mainly involving Méribel L'Hévana (-€9,677,000), Les Senioriales de Soustons (-€5,194,000), Palaiseau (-€4,066,000), Les Senioriales – Noisy-en-Ville (-€3,946,000).

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 2019, these commitments totalled €39,205,000.

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Note 36 Remuneration of executive management and directors

Attendance fees paid to members of the Board of Directors in 2019 in respect of the 2018/2019 financial year amounted to €230,000 compared to €229,000 for 2017/2018.

For the years ended 30 September 2019 and 30 September 2018, no salary(1) (including benefits of any kind) was paid to a corporate officer directly by Pierre et Vacances SA or by any of th1e 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, Yann Caillère, Martine Balouka, Patricia Damerval and Thierry Hellin. 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.

(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.

Since these people are on the Group Executive Management Committee, their remuneration is included in the table below:

(in €)	2018/2019	2017/2018
Fixed remuneration(1)	2,072,581	1,823,606
Variable remuneration(2)	386,000	572,033
Post-employment benefits(3)	21,803	43,283
Share-based remuneration(4)	0	331,445
TOTAL	**2,480,384**	**2,770,367**

(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 37 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.).

Note 38 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'Ile 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, SCCV Palaiseau RT, SCCV Toulouse Pont Jumeaux A1, Les Senioriales de Nancy (50%), SCCV Les Senioriales en ville de Schiltigheim (50%), SCCV Les Senioriales d'Angers (50%), Immalliance Seniors Le Pin (50%) and Beau Village Limited (44%).

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)	2018/2019	2017/2018
Revenue	8,438	22,644
Purchases and external services	-16,560	-34,079
Other operating income and expenses	-280	-491
Financial income (expense)	419	-1,171

Receivables and liabilities included in the statement of financial position linked to related parties are as follows:

(in € thousands)	30/09/2019	30/09/2018
Trade receivables	19,661	21,921
Other current assets	87,919	60,781
Trade payables	7,258	8,083
Other financial liabilities	45,055	46,104

Off-statement of financial position commitments linked to related parties:

(in € thousands)	30/09/2019	30/09/2018
Guarantees and pledges	12,077	14,673
Rent commitments[1]	164,684	157,136
Commitments given	**176,761**	**171,809**
Guarantees and pledges	600	600
Completion guarantees	3	14,425
Commitments received	**603**	**15,025**

(1) These commitments are covered by a €10,318,000 parent company guarantee granted by PV SA at 30 September 2019, compared with €10,960,000 at 30 September 2018 (see Note 36 – "Off-statement of financial position commitments").

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Note 39 Events after the reporting period

No significant events occurred after the end of the 2018/2019 reporting period.

5.2.7 Statutory auditors' report on the consolidated financial statements

Year ended 30 September 2019

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 2019.

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 2019 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 2018 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5, paragraph 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*).

Observation

Without qualifying our opinion, we draw your attention to Note 1.2 "Changes in accounting standards" to the consolidated financial statements which describes the impacts of the application of IFRS 15 "Revenue from Contracts with Customers" on or after 1 January 2018.

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 2019, goodwill and brands are recognized in the statement of financial position at a net carrying amount of €261 million, or 17% 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 mentioned in Notes 1.10 and 1.11 to the consolidated financial statements.

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.

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 perpetual 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 perpetual 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 2019, deferred tax assets for tax loss carryforwards amount to €61 million, including €50 million related to real estate and tourism activities in France.

As indicated in Note 1.24 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.

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. 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 2019, the work in progress and finished goods related to real estate development are recognized in the statement of financial position at €169 million and the operating result for real estate activities (including equity-accounted investments) amounts to €1.3 million for the year ended 30 September 2019.

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. For these programs, revenue of notarized sales is recorded in accordance with IFRS 15 "Revenue from contracts with customers" and 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 sales for the year ended 30 September 2019.

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.

Specific verifications

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 2019, GRANT THORNTON was in its 32nd year and ERNST & YOUNG et Autres in its 30th 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, 19 December 2019

The Statutory Auditors
French original signed by

GRANT THORNTON	ERNST & YOUNG et Autres
Virginie PALETHORPE	Anne HERBEIN

5.3 Information on the parent company financial statements

5.3.1 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 2019, 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.

5.3.2 Changes in the business

Revenue for the 2018/2019 financial year totalled €7.9 million, versus €14.7 million for the previous financial year, i.e. a fall of €6.8 million.

This drop in revenue primarily relates to the absence of fees. Last year, €6 million was invoiced for services rendered to subsidiaries, primarily in connection with real estate development projects (Allgäu, Center Parcs "Sud-Ouest Cottages", the Center Parcs at Zandvoort in the Netherlands).

The breakdown of revenue generated in the 2018/2019 financial year is primarily as follows:

- €6.8 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;
- €0.8 million in invoices for commissions on guarantees of financial commitments given by the Company on behalf of its various subsidiaries.

Transfers of operating expenses of €13.1 million were recorded during the year. These essentially concerned:

- the reinvoicing of head office costs and services of €10.2 million to subsidiaries in respect of their share of the expenses, up €0.7 million compared with 2017/2018;
- operating expenses on borrowings of €1.2 million, reclassified as financial expenses;
- operating expenses associated with the reclassification, on an exceptional basis, of €1.5 million in expenses and fees incurred in connection with restructuring the Group's activities.

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 €26.8 million for 18/19 compared with €33.6 million for the previous year.

Operating income was negative, with a €5.7 million loss compared with a €1 million profit for the 2017/2018 financial year.

Net financial income was negative at -€71.4 million for 2018/2019, compared with net loss of -€48.7 million for the previous year.

Financial income for the year is mainly composed of the following items:

- dividend income of €7.4 million from subsidiaries, including:
  - €4.7 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,
  - €1.9 million from the company PVFI, the Group's central cash management company,
  - €0.8 million from the company PV Courtage;
- reversals of provisions for impairment losses and reinvoiced expenses amounting to €0.4 million, primarily consisting of the reversal of a provision for impairment losses on investments in the subsidiary, PV-CP China Holding, amounting to €0.3 million;
- other interest income in the amount of €7.7 million, including €7.1 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 €12.7 million, notably including:
  - interest on bank borrowing amounting to €8.1 million, including: €2.0 million for the ORNANE-type bond subscribed for on 6 December 2017 and maturing in 2023, €2.7 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 and €3.4 million for 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 €1.2 million,
  - interest expense and commissions on short-term financing of €2.6 million,
  - fees and commissions on guarantees in the amount of €0.3 million;

- amortisation and provisions on financial assets in the amount of €74.2 million, including:
  - provisions for impairment losses on shares in PV-CP Immobilier Holding amounting to €37.6 million,
  - €36.2 million in provisions for the impairment loss on the current account of Les Villages Nature® de Val d'Europe.

Net financial income for the 2017/2018 financial year was a loss of -€48.7 million. It mainly consisted of the following:

- dividend income of €7.3 million from subsidiaries, including PV Marques (€4.9 million), PVFI (€1.8 million) and PV Courtage (€0.7 million);
- reversals of provisions for impairment losses and reinvoiced expenses amounting to €4.6 million, primarily consisting of €2.7 million for the reversal of provisions for financial expenses and €1.1 million following the liquidation of Part House;
- 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 expense of €34 million, notably consisting of €21 million for a conversion loss arising from requests to redeem ORNANE-type bonds and €6.1 million for interest on bank borrowings;
- €34.6 million in provisions for impairment losses on financial assets, including provisions for impairment losses on investments (€25.5 million for Les Villages Nature® Du Val d'Europe, €4.6 million for Pierre et Vacances Maroc, €0.3 million for PV-CP China BV) and €4.2 million for the impairment of the Les Villages Nature® du Val d'Europe current account.

Non-recurring income was a loss of €1.5 million for the 18/19 financial year compared with a loss of €0.9 million recognised the previous year.

This includes expenses and fees incurred for restructuring the Group's activities.

Pierre et Vacances SA, as the parent company in the tax consolidation group, has recorded a tax saving of €16.7 million in the 2018/2019 financial year resulting from tax consolidation.

As a result, **net income** for the year was a loss of -€61.9 million compared with a loss of -€40.7 million in the previous year, due primarily to the reduction in operating profit.

5.3.3 Changes in financial position

The **statement of financial position total** stood at €1,046.7 million at 30 September 2019, compared with €1,126.7 million at 30 September 2018, down €80 million.

This change is mainly due to:

- a decrease in sundry loans and other borrowings of €16 million;
- a loss of €61.9 million recognised for the financial year.

The **net carrying amount of investments in associates and other long term equity investments** at 30 September 2019 was €577.6 million and consisted of the following main investments (in € millions):

◆ Pierre & Vacances Tourisme Europe SA	422.1
◆ PV-CP Immobilier Holding SAS	91.4
◆ Pierre & Vacances Marques SAS	60.7
◆ PV-CP Holding China BV	2.7
◆ Adagio SAS	0.5
◆ Les Villages Nature® de Val d'Europe	-
◆ Pierre & Vacances Maroc	-

In 2018/2019, Pierre et Vacances SA **equity** fell by €61.9 million to €771.0 million at 30 September 2019. This change corresponds to the loss of €61.9 million generated during the financial year.

Provisions for risks and expenses at 30 September 2019 amounted to €4.1 million (compared with €3.8 million at 30 September 2018).

Provisions for risks and charges at 30 September 2019 are mainly related to the provisions covering the negative net position of the subsidiary Orion SAS.

With regard to the structure of **financial liabilities (€252.4 million),** these comprised €12.8 million in sundry loans and other borrowings plus the bond issue item (€239.6 million) which, at 30 September 2019, corresponded to:

- the ORNANE-type bond issued on 6 December 2017 with a principal amount of €100.0 million and comprising 1,648,261 bonds with a value of €60.67 redeemable at maturity on 1 April 2023;

  at the end of the reporting period, interest accrued on loans and borrowings amounted to €1.0 million;
- the bond issued in the form of an unlisted "Euro PP" private placement on 19 July 2016 with a principal amount of €60.0 million and maturing in December 2022. This issue, with a 4.50% coupon (compared with 4.25% until 17 July 2018), was subscribed for by French institutional investors;

  at the end of the reporting period, interest accrued on this bond issue amounted to €0.6 million;
- the bond issued in the form of an unlisted "Euro PP" private placement on 14 February 2018 with a principal amount of €76.0 million and maturing in February 2025. This issue, with a 4.25% coupon (compared with 3.90% until 30 September 2018), was subscribed for by French institutional investors. At the end of the reporting period, interest accrued on this bond issue amounted to €2.0 million.

5.3.4 Outlook

In 2019/2020, Pierre et Vacances SA will continue to act as the Group holding company under conditions equivalent to those of the past financial year.

5.3.5 Subsidiaries, associates and other long-term equity investments

The activities of the main subsidiaries in 2018/2019 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 2019, the loss made by Pierre & Vacances was €20.1 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 €7.7 million profit.

- Pierre & Vacances FI SNC

  In 2018/2019, 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 €2.1 million.

- PV-CP Immobilier Holding

  This sub-holding company for property development reported a loss of €10.7 million in the 2018/2019 financial year.

With regard to these subsidiaries and investments, we present the following information:

- Significant equity investments

During the financial year, the Company made the following equity investments:

- Pierre et Vacances Investissement 55

  On 18 June 2019, following the establishment of Pierre et Vacances Investissement 55, Pierre et Vacances SA subscribed for 1,000 shares (or 100% of the share capital) of said company.

- Pierre et Vacances Investissement 56

  On 18 June 2019, following the establishment of Pierre et Vacances Investissement 56, 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 53 (now PV Senioriales Production)

  On 30 November 2018, Pierre et Vacances SA sold to PV Senioriales Promotion et Commercialisation, 1,000 shares in Pierre et Vacances Investissement 53 (i.e. all of the capital), for a total price of €10,000.

- Significant investments and disposals since the year-end

None.

5.3.6 Allocation of profit

We propose allocating the loss for the financial year as follows:

to retained earnings (accumulated losses)	-€61,870,410.17

Following this allocation of profit, equity will break down as follows:

share capital (9,805,232 x €10)	€98,052,320.00
issue premiums	€21,239,441.39
merger premiums	€55,912.36
statutory reserve	€9,801,723.00
other reserves	€2,308,431.46
retained earnings (accumulated losses)	€639,512,712.48
Total	**€770,970,540.69**

5.3.7 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.

5.3.8 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.

5.3.9 Table of the Company's results over the last five years

	Year ending 30 September				
Information type	**2015**	**2016**	**2017**	**2018**	**2019**
I - Company financial position					
a) Share capital	88,215	98,017	98,017	98,046	98,052
b) Number of shares issued	8,821,551	9,801,723	9,801,723	9,804,565	9,805,232
c) Par value *(in €)*	10.00	10.00	10.00	10.00	10.00
II - Results of transactions					
a) Revenue before tax	16,482	12,485	17,051	14,712	7,936
b) Income before tax, depreciation, amortisation and impairment	26,038	47,772	8,797	0	-2,574
c) Income tax	-11,462	-31,878	-8,431	-7,843	-16,753
d) Income after tax, depreciation, amortisation and impairment	73,060	121,387	53,127	-40,718	-61,870
e) Profits distributed	-	-	-	-	-
III - Earnings per share *(in €)*					
a) Income after tax, but before depreciation, amortisation and impairment	4.25	8.13	1.76	-0.78	1.45
b) Income after tax, depreciation, amortisation and impairment	8.28	12.38	5.42	-4.15	-6.31
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					

5.3.10 Information on payment maturities

Invoices, received and issued, not yet paid at the end of the reporting period which are past due

End of fiscal year (30 September 2019)

Amounts *(in € thousands)*	**Article D. I.– 1°: Invoices received, past due and not yet paid as of the end of the reporting period**						**Article D. I.– 2°: Invoices issued, past due and not yet paid as of the end of the reporting period**					
	0 days (indi-cative)	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**90 days or more**	**Total (1 day and more)**	**0 days (indi-cative)**	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**90 days or more**	**Total (1 day and more)**
(A) Classified as late payment												
Number of invoices	56					167	50					21
Amount (incl. VAT)	**2,921**	3,491	315	47	182	**4,035**	**5,419**	0	0	0	74	**74**
% of total purchases for the fiscal year (VAT excl.)	**11%**	13%	1%	0%	1%	**15%**						
% of total revenue for the fiscal year (VAT excl.)							**27%**	0%	0%	0%	0%	**0%**
(B) Invoices excluded from (A) related to disputed or unrecognised receivables												
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					

5.4 Parent company financial statements

5.4.1 Income statement

(in € thousands)	Notes	2018/2019	2017/2018
Sales of service		7,936	14,712
Net revenue		**7,936**	**14,712**
Capitalised production costs			
Operating subsidy			
Reinvoiced expenses and reversals of write-offs and provisions		13,064	15,158
Other income		37	4,737
Operating profit (loss)		**21,037**	**34,607**
Other purchases and external expenses		22,880	29,051
Income and other taxes		342	278
Wages and salaries			
Social security expenses		1,110	1,024
Depreciation and amortisation		2,209	2,812
Provisions for non-current assets			
Provisions for current assets		0	32
Provisions for risks and charges			
Other operating expenses		234	402
Operating expenses		**26,775**	**33,599**
OPERATING PROFIT (LOSS)	**12**	**-5,738**	**1,008**
Financial income from associates and other long-term equity investments		7,442	7,329
Other interest income		7,739	8,122
Reinvoiced expenses and reversals of provisions		358	4,568
Positive translation differences			
Net gain on disposals of marketable securities		17	38
Financial income		**15,556**	**20,057**
Amortisation and provisions on financial assets		74,156	34,644
Interest expense		12,708	33,987
Net (loss) on disposals of marketable securities		116	93
Other financial expenses			
Financial expenses		**86,980**	**68,724**
FINANCIAL INCOME (EXPENSE)	**13**	**-71,424**	**-48,667**
PROFIT (LOSS) FROM ORDINARY ACTIVITIES, BEFORE TAX		**-77,162**	**-47,659**

(in € thousands)	Notes	2018/2019	2017/2018
Non-recurring income from management transactions			
Non-recurring income from capital transactions		2,380	6,710
Reinvoiced expenses and reversals of provisions			
Non-recurring income		**2,380**	**6,710**
Non-recurring expenses on management transactions		1,461	902
Non-recurring expenses on capital transactions		2,380	6,710
Non-recurring amortisation, depreciation and impairment			
Non-recurring income		**3,841**	**7,612**
NON-RECURRING PROFIT (LOSS)	**14**	**-1,461**	**-902**
Employee profit-sharing			
Income tax	16	-16,753	-7,843
TOTAL INCOME		**38,973**	**61,374**
TOTAL EXPENSES		**100,843**	**102,092**
PROFIT (LOSS) FOR THE YEAR		**-61,870**	**-40,718**

5.4.2 Balance sheet

Assets

(in € thousands)	Notes	Gross Amount	Depreciation, amortisation & impairment	Net 30/09/2019	Net 30/09/2018
Intangible assets	**1**	**27,824**	**21,830**	**5,994**	**5,024**
Property, plant and equipment	**1**				
Other non-current assets		6,823	6,332	491	635
Assets in progress					
Financial assets	**1.2,4**				
Other long-term equity investments		646,442	68,848	577,594	550,922
Loans and other financial assets		19		19	19
NON-CURRENT ASSETS		**681,108**	**97,010**	**584,098**	**556,600**
Advances and prepayments to suppliers		17		17	17
Trade receivables	4 & 5	5,657	130	5,527	10,577
Other receivables	3.4,5	482,561	40,400	442,161	545,895
Marketable securities	6	5,562		5,562	5,588
Cash and cash equivalents	6	1,975		1,975	143
Prepaid expenses	4 & 10	4,147		4,147	3,469
CURRENT ASSETS		**499,919**	**40,530**	**459,389**	**565,689**
Deferred expenses	11	3,186		3,186	4,397
TOTAL		**1,184,213**	**137,540**	**1,046,673**	**1,126,686**

Liabilities

(in € thousands)	Notes	30/09/2019	30/09/2018
Issued capital		98,052	98,046
Additional paid-in capital		21,295	21,301
Statutory reserve		9,802	9,802
Other reserves		2,308	2,308
Retained earnings		701,384	742,102
Profit (loss) for the year		**-61,870**	**-40,718**
EQUITY	**7**	**770,971**	**832,841**
Provisions for risks			
Provisions for charges		4,160	3,844
PROVISIONS FOR RISKS AND CHARGES	**2**	**4,160**	**3,844**
Financial liabilities			
Bond issue	4	239,580	240,014
Amounts due to credit institutions	4	20	19
Sundry loans and other borrowings	4 & 8	12,782	28,787
Operating liabilities			
Advances and deposits on orders in progress		5	
Trade payables	4 & 5	9,564	10,169
Tax and social security liabilities	4	1	205
Sundry liabilities			
Amounts due to suppliers of non-current assets	4		
Other liabilities	4 & 9	9,590	10,807
Accruals			
Deferred income	4 & 10		
TOTAL LIABILITIES		**271,542**	**290,001**
TOTAL		**1,046,673**	**1,126,686**

5.4.3 Notes to the parent company financial statements

Total assets before allocation reported in the statement of financial position at 30 September 2019 *(in €)*:	**1,046,672,858.44**
Loss for the year reported in the income statement *(in €)*:	**-61,870,410.17**

The amounts presented in these notes are in € thousands.

The reporting period lasts for 12 months, from 1 October 2018 to 30 September 2019.

These annual financial statements were approved by the Board of Directors on 25 November 2019.

Highlights of the financial year

Governance

Since 2 September 2019, Yann Caillère – drawing on 40 years of experience working at the highest level in leading Tourism industry companies – has been CEO of the Pierre & Vacances-Center Parcs Group.

He succeeded Olivier Bremond who was appointed deputy CEO of S.I.T.I., the Pierre & Vacances-Center Parcs Group's main holding company.

Strategic agreements in China

On 21 December 2018, S.I.T.I.[1] acquired the full interests, previously owned by HNA Tourism Group in Pierre et Vacances S.A., i.e., or 10.00% of the Company's capital and 13.50% of its net voting rights[2]. This acquisition put an end to all of the capital and commercial ties linking HNA Tourism and Pierre & Vacances-Center Parcs.

In August 2019, the Pierre & Vacances-Center Parcs Group signed partnership agreements with two state-owned groups that are leaders in their sectors: an investment bank and a construction and civil engineering company, which have respectively subscribed for 44% and 12% of the Chinese Joint-Venture backing Pierre & Vacances-Center Parcs activities in China, with Pierre & Vacances-Center Parcs Group holding a 44% stake.

To date, the Joint-Venture has signed project management assistance and tourism management contracts for 14 projects inspired by Center Parcs and Pierre & Vacances concepts.

Opening of Center Parcs Allgaü

After an opening period affected by a spate of bad weather, the site, in operation since 2018, has enjoyed huge commercial success, recording a 90% occupancy rate in the 4th quarter.

Acquisitions operations

On 16 January 2019, the Group announced the acquisition of the business capital of French start-up RendezvousCheznous.com, a marketplace launched in 2014 that connects holidaymakers with local hosts for authentic experiences. This acquisition fits with the strategy of the Pierre & Vacances brand to round out its offer by proposing customers immersive and experiential holidays.

Property sales/renovations

Property renovations transactions were completed at two Center Parcs sites in the Netherlands and Belgium in the first quarter of the financial year. These transactions will finance the full renovation and upgrade of the sites.

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 05 June 2014 of the French Accounting Standards Authority, or *Autorité des Normes Comptables,* approved by ministerial order of 8 September 2014, updated by regulation of Autorité des Normes Comptables on 4 November 2016).

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) Limited liability company controlled by S.I.T.I. "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 at 30 November 2018.

With the exception of goodwill, other property, plant and equipment and intangible assets are depreciated or amortised using the straight-line method, over their economic lives established as follows:

Concessions, patents	5 years
General installations	10 years
Office furniture and equipment	3 to 10 years

The depreciation or amortisation thus calculated is included in operating profit or loss.

- Investments in associates and other long-term equity investments. These are valued at their purchase price or at their contribution value, less any accumulated impairment losses recorded if the net asset value falls below the carrying amount.

  At each year-end, the net asset value is determined 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, generally speaking, calculated on the basis of discounted future net cash flows. Cash flow projections come from the five-year business plans developed by operational and financial managers. For periods beyond five years, they are estimated using a perpetual growth rate. The discount rate used is based on the average cost of capital reflecting current market assessments of the time value of money and the risks specific to the activities of the companies evaluated.
- Loans and other financial assets. This item essentially includes the amount of deposits paid to our partners.
- Trade receivables. A provision is made for risk of non-recovery of receivables when a debtor shows a risk of insolvency or disputes the basis of receivables or when payments are unusually delayed. The provisions are based on an individual assessment of this risk of non-recovery.
- Other receivables. These include, in particular, tax receivables, VAT, Group current accounts, sundry receivables and accrued income.

  Current accounts are initially valued at their purchase price or at their contribution value.

  Where they present a risk of non-recovery, they are covered by an impairment which recognises the subsidiary's repayment capacity and its growth outlook.
- 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 relate to costs for setting-up financial programs in accordance with statutory norms
- 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 Non-current assets

Tangible and intangible assets	30/09/2018	Acquisitions	Disposals and retirements	30/09/2019
Intangible assets				
Brand names, concessions, patents	3,003	846		3,849
Businesses goodwill	19,470			19,470
Other intangible assets	-			-
Intangible assets in progress	3,577	1,647	-719	4,505
TOTAL INTANGIBLE ASSETS	**26,050**	**2,493**	**-719**	**27,824**
Property, plant and equipment				
Miscellaneous fixtures	4,670	21	-212	4,479
Office and computer equipment, and furniture	2,315	29		2,344
TOTAL PROPERTY, PLANT, AND EQUIPMENT	**6,985**	**50**	**-212**	**6,823**
Financial assets				
Long-term equity investments and related loans and receivables	582,432	64,020	-10	646,442
Loans and other financial assets	19			19
TOTAL FINANCIAL ASSETS	**582,452**	**64,020**	**-10**	**646,461**
TOTAL GROSS TANGIBLE AND INTANGIBLE ASSETS	**615,486**	**66,563**	**-941**	**681,108**

Depreciation, amortisation and impairment	30/09/2018	Increases	Reductions	30/09/2019
Brand names, concessions, patents	1,556	804		2,360
Businesses goodwill	19,470			19,470
Other intangible assets				
TOTAL INTANGIBLE ASSETS	**21,026**	**804**		**21,830**
Property, plant and equipment				
Miscellaneous fixtures	4,441	60	-212	4,289
Office and computer equipment, and furniture	1,909	134		2,043
TOTAL PROPERTY, PLANT, AND EQUIPMENT	**6,350**	**194**	**-212**	**6,332**
Financial assets				
Long-term equity investments and related loans and receivables	31,510	37,622	-284	68,848
Loans and other financial assets				
TOTAL FINANCIAL ASSETS	**31,510**	**37,622**	**-284**	**68,848**
TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT	**58,886**	**38,620**	**-496**	**97,010**
TOTAL NET TANGIBLE AND INTANGIBLE ASSETS	**556,600**	**27,943**	**-445**	**584,098**

The net increase in the value of tangible and intangible assets of €27,498,000 in the year was mainly due to:

- the PV-CP Immobilier Holding €64,000,000 capital increase;
- the net increase in IT projects under way, in the amount of €928,000.
- the reversal of the provision for impairment losses on investments in the subsidiary PV-CP China Holding B.V. of €284,000 that leads to a net value of these shares equal to €2,718,000;
- Provision due to impairment losses on the shares of the subsidiary PVCP Immobilier Holding of -€37,565,000 reducing the net value of these shares to €91,400,000, taking into account the company's valuation at the reporting date.

Note 2 Provisions

	30/09/2018	Increases	Reductions used	Reductions not used	30/09/2019
Provisions for risks and charges	3,844	316			4,160
Provisions for impairment losses					
◆ *Goodwill*	*19,470*				*19,470*
◆ *Investments in associates and other long-term equity investments*	*31,510*	*37,622*		*284*	*68,848*
◆ *Trade receivables*	*161*		*19*	*12*	*130*
◆ *Current accounts*	*4,182*	*36,218*			*40,400*
TOTAL	**59,167**	**74,156**	**19**	**296**	**133,008**

At 30 September 2019, provisions consisted of the following:

Provisions for risks and charges corresponding to provisions covering the negative net positions of the subsidiary Orion SAS for a total amount of €4,080,000 and PV Maroc for €80,000.

Provisions for impairment losses on goodwill from internal restructuring operations for a total amount of €19,470,000.

Provisions for impairment losses on investments in associates and other long-term equity investments primarily relate to the following:

- €37,565,000 for PV-CP Immobilier Holding;
- €25,456,000 for Les Villages Nature® de Val d'Europe ;
- €5,757,000 for Pierre & Vacances Maroc;
- €38,000 for Orion SAS.

Provisions for impairment losses on other assets correspond to:

- €130,000 for trade receivables;
- the impairment loss on the current account of Les Villages Nature® de Val d'Europe for €40,400,000.

Reversals of €315,000 relate to:

- the reversal of provision for impairment losses on shares in PV-CP China Holding BV of €284,000;
- the reversal of provisions for impairment losses on other assets, including €31,000 on trade receivables.

Note 3 Other receivables

	30/09/2019	30/09/2018
CURRENT ACCOUNTS	**464,632**	**534,883**
Pierre & Vacances FI SNC	390,522	487,699
Les Villages Nature® de Val d'Europe SAS	73,712	46,887
Pierre et Vacances Maroc	398	297
STATE AND OTHER PUBLIC AUTHORITIES	**2,457**	**9,148**
OTHER RECEIVABLES AND MISCELLANEOUS ACCOUNTS IN DEBIT	**15,472**	**6,046**
TOTAL	**482,561**	**550,077**

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 VAT credit vested as of 30 September 2019, for a total of €879,000,000 (as compared with €55,000 in consolidated VAT credits as of the end of the previous financial year);
- the balance of the Competitiveness and Employment Tax Credit (CICE) of €280,000 accrued by the company as the head of the tax group for 2018, not yet assigned;
- input VAT of €1,153,000 (versus €727,000 at the previous year-end);
- family tax credits of €70,000.

Moreover, during the year, the company sold off the Group receivable stemming from the French competitive and employment tax credit (CICE) for the 2017 and 2018 calendar years. This non-recourse and discount operation therefore resulted in a net collection of €11,568 million for the year ending 30 September 2019.

The "Other receivables" item primarily relates to sums owed to Pierre et Vacances SA by subsidiaries:

- €9,739,000 in income tax in its capacity as head of the consolidated tax group, compared with €939,000 for the previous year;
- consolidated VAT for the month of September 2019 in the amount of €5,003,000 (compared with €4,301,000 for September 2018).

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	5,657	5,657	
State and other public authorities	2,457	2,457	
Group and associates	464,632	464,632	
Other receivables	15,472	15,472	
Accruals	4,147	4,147	
	492,401	**492,382**	**19**

The members of the consolidated VAT group as of 30 September 2019 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 (formerly PV Prog 49) SNC;
- PV-CP City SAS;
- PV-CP Distribution SA;
- PV-CP Gestion Exploitation SAS;
- PV-CP Holding Exploitation SAS;
- PV-CP Immobilier Holding 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.

		Due date		
Total liabilities	**Amount**	**Under 1 years**	**1 to 5 years**	**more than 5 years**
Bond issue	239,580	3,580	160,000	76,000
Amounts due to credit institutions	20	20		
Sundry loans and long-term borrowings	12,782	12,356		426
Advances and deposits on orders in progress	5	5		
Trade payables	9,564	9,564		
Tax and social security liabilities	1	1		
Other liabilities	9,590	8,090	878	622
	271,542	**33,616**	**160,878**	**77,048**

At 30 September 2019, the bond issue item comprises:

- the ORNANE-type bond issued on 6 December 2017 with a principal amount of €100,000,000 and comprising 1,648,261 bonds with a value of €60.67 redeemable at maturity on 1 April 2023. Bonds redeemable in cash and/or new and/or existing shares (ORNANES) can be converted at any time by settlement in new or existing shares."

  At the end of the reporting period, interest accrued on loans and borrowings amounted to €1,000,000;
- 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 4.50% coupon (compared with 4.25% until 17 July 2018), was subscribed for by French institutional investors;

  At the end of the reporting period, interest accrued on this bond issue amounted to €561,000.
- 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 4.25% coupon (compared with 3.90% until 30 September 2018), was subscribed for by French institutional investors. At the end of the reporting period, interest accrued on this bond issue amounted to €2,019,000.

Other liabilities include €1,719,000 relating to the rent-free period for the Group head office 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 et 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	30/09/2019	30/09/2018
Customers	4	1,209
Accrued Competitiveness and Employment Tax Credit (CICE) for the year	75	83
	79	**1,292**

Accrued expenses	30/09/2019	30/09/2018
Suppliers	2,592	2,941
Interest accrued on loans and borrowings	3,580	4,014
Attendance fees	233	327
State		3
Other	6	7
	6,411	**7,292**

Note 6 Marketable securities and cash and cash equivalents

During the 2018/2019 financial year, the Pierre & Vacances-Center Parcs Group vested 667 preference shares under employee bonus share plans dating from 2017.

These preference shares may be converted to ordinary shares at any time during a period of six years following 18 April 2021, at the request of employee beneficiaries made to Pierre et Vacances SA.

The distribution of preference shares in the financial year ended 30 September 2019 was the subject of a capital increase through the issue of 667 preference shares of €10 each, fully drawn from the merger premiums account in the amount of €7,000.

Marketable securities, which amounted to €5,562,000 at 30 September 2019, consist exclusively of treasury shares.

At 30 September 2019, the Company held:

- 262,442 treasury shares intended to be granted to employees and totalling €5,436,000;
- 7,986 shares acquired to adjust the stock market price, for an amount of €126,000.

Cash and cash equivalents amounted to €1,975,000 at 30 September 2019, compared with €143,000 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 2017	**98,017**	**21,330**	**701,085**	**53,127**	**873,559**
Capital increase	29	-29			
Retained earnings			53,127	-53,127	
Profit (loss) for the year				-40,718	-40,718
EQUITY AT 30 SEPTEMBER 2018	**98,046**	**21,301**	**754,212**	**-40,718**	**832,841**
Capital increase	6	-6			
Statutory reserve					
Retained earnings			-40,718	40,718	
Profit (loss) for the year				-61,870	-61,870
EQUITY AT 30 SEPTEMBER 2019	**98,052**	**21,295**	**713,494**	**-61,870**	**770,971**

During the financial year, on 18 April 2019, a capital increase was carried out through the issue of 667 preference shares of €10 each. This increase was fully drawn from the merger premiums account.

At 30 September 2019, the share capital of the company Pierre et Vacances SA consisted of 9,805,232 shares of €10 each for a total of €98,052,000.

At 30 September 2019, Société d'Investissement Touristique et Immobilier (S.I.T.I.) held 49.81% of the capital of Pierre et Vacances SA.

Note 8 Sundry loans and long-term borrowings

	30/09/2019	30/09/2018
Current accounts	**12,356**	**28,361**
Société d'Investissement Touristique et Immobilier (S.I.T.I.)	12,356	28,361
Deposits received	**426**	**426**
TOTAL	**12,782**	**28,787**

Note 9 Other liabilities

	30/09/2019	30/09/2018
Payables relating to income tax consolidation	984	1,479
Payables relating to the VAT consolidation group	6,649	7,053
Sundry liabilities	1,957	2,275
TOTAL	**9,590**	**10,807**

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 2019 VAT return submitted in its capacity as parent company of the tax consolidation group.

Sundry liabilities include attendance fees for the 2018/2019 financial year for a total of €233,000.

Note 10 Accruals

Assets	30/09/2019	30/09/2018
Rents and rental charges	2,284	2,087
Miscellaneous	1,863	1,382
TOTAL	**4,147**	**3,469**

The "Miscellaneous" item includes €1,843,000 in expenses relating to computer rental costs under licences and maintenance agreements at 30 September 2019.

Note 11 Deferred expenses

	30/09/2018	Increases	Reductions	30/09/2019
Bond issuance fees	2,914		611	2,303
Bank lending fees	1,483		600	883
TOTAL	**4,397**		**1,211**	**3,186**

The reduction over the financial year of bond issuance fees corresponds to €611,000 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.

The reduction during the financial year of bank lending fees for 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)

	2018/2019	2017/2018
Services	1,148	7,981
Miscellaneous rentals	6,788	6,731
TOTAL REVENUE	**7,936**	**14,712**
Reinvoicing of expenses and fees	13,032	15,153
Miscellaneous income	37	4,737
Reversal of provisions	32	5
TOTAL OPERATING INCOME	**21,037**	**34,607**
Rents and rental charges	7,975	8,023
Miscellaneous fees	4,614	9,093
Other purchases and external expenses	12,977	13,639
Depreciation, amortisation and impairment	1,209	2,844
TOTAL OPERATING EXPENSES	**26,775**	**33,599**
OPERATING PROFIT (LOSS)	**-5,738**	**1,008**

Revenue for the 2018/2019 financial year mainly consisted of:

- €1,148,000 in invoices for various services rendered, including €862,000 in invoices for commissions on guarantees of financial commitments given by the Company on behalf of its various subsidiaries compared with €1,060,000 in the previous financial year.

  The amount of €7,981,000 for the previous year mainly included €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;
- €6,788,000 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.

There was an operating loss for the financial year of -€5,738,000 compared with a profit of €1,008,000 in 2017/2018.

Note 13 Financial income (expense)

	2018/2019	2017/2018
Financial income from associates and other long-term equity investments	7,442	7,329
Reinvoiced expenses and reversals of provisions	358	4,568
Other interest income	7,739	8,122
Other financial income	17	38
FINANCIAL INCOME	**15,556**	**20,057**
Amortisation and provisions on financial assets	74,156	34,644
Interest expense	12,708	33,987
Net expenses on disposals of marketable securities	116	93
Other financial expenses		
FINANCIAL EXPENSES	**86,980**	**68,724**
FINANCIAL INCOME (EXPENSE)	**-71,424**	**-48,667**

Net financial income was negative at -€71,424,000 for 2018/2019, compared with a negative net financial income of -€48,667,000 for the previous year.

It is mainly composed of the following items:

- dividend income of €7,442,000 from subsidiaries, including:
  - €4,734,000 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,
  - €1,917,000 from the company PVFI, the Group's central cash management company,
  - €791,000 from the company PV Courtage;
- reversals of provisions for impairment losses and reinvoiced expenses amounting to €358,000, including €284,000 for the reversal of the provision for impairment losses on the shares in the subsidiary PV-CP China Holding;
- other interest income in the amount of €7,739,000, including €7,144,000 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 €12,708,000, notably including:
  - interest expenses on bank loans of €8,135,000 including:
    - €2,000,000 relating to the "ORNANE" bond issue subscribed for on 6 December 2017 and maturing in 2023,
    - €2,746,000 relating to the bond issued in the form of an unlisted "Euro PP" private placement maturing in 2019 and issued on 19 July 2016,
    - €3,389,000 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 €1,211,000,
  - interest expense and commissions on short-term financing of €2,633,000,
  - fees and commissions on guarantees in the amount of €269,000;
- amortisation and provisions on financial assets in the amount of €74,156,000, including:
  - provisions for the impairment loss on the current account of Les Villages Nature® de Val d'Europe for €36,218,000,
  - provisions for impairment losses on investments in subsidiaries of respectively €37,565,000 for PV-CP Immobilier Holding, €25,000 for Pierre et Vacances Maroc, €15,000 for Villages Nature® Management,
  - €236,000 in provisions to cover the net negative position of Orion and €80,000 for PV Maroc.

There was a net financial loss for 2017/2018, which amounted to -€48,667,000.

It mainly consisted of the following:

- dividend income of €7,329,000 from subsidiaries, including €4,855,000 from PV Marques and €1,775,000 from PV FI;
- interest income of €8,122,000 on current accounts, including €7,585,000 from Pierre & Vacances FI SNC;
- income of €4,568, including the reversal of provisions for impairment losses on the shares in the subsidiary Part House dissolved during the financial year, as well as the reversal of the provision for financial expenses to cover the capital loss resulting from the options exercised at the close of the financial year ending on 30 September 2017 for the redemption of "ORNANE"-type bonds amounting to €2,730,000.
- financial expenses of €33,987,000, including, in particular:
  - interest expense and commissions on bank loans and Group financial debt of €8,124,000,
  - interest expense and commissions on short-term financing of €2,450,000,

- fees and commissions and expenses on sureties and interest rate swaps of €517,000,
- the loss upon the liquidation of PART HOUSE in the amount of €1,490,000,
- the conversion loss arising from requests to redeem "ORNANE"-type bonds in the amount of €20,973,000;

- amortisation and provisions on financial assets in the amount of €34,644,000, including:
  - provisions for impairment losses primarily on investments in subsidiaries of, respectively, €25,456,000 for Les Villages Nature® du Val d'Europe and €4,646,000 for Pierre et Vacances Maroc,
  - provisions for the impairment loss on the current account of Les Villages Nature® de Val d'Europe for €4,182,000.

Note 14 Non-recurring profit (loss)

	2018/2019	2017/2018
Non-recurring profit (loss) on management transactions	-1,461	-902
Non-recurring profit (loss) on capital transactions		
Exceptional additions to, and reversals of, provisions and reinvoiced expenses		
NON-RECURRING PROFIT (LOSS)	**-1,461**	**-902**

The non-recurring loss on management transactions for the year of -€1,461,000 consists of €1,458,000 in miscellaneous expenses and fees incurred in connection with restructuring the Group's activities.

The non-recurring loss for the previous financial year was -€902,000.

It mainly consisted of a non-recurring loss on management transactions for the year of €902,000 and miscellaneous expenses and fees incurred in connection with its holding company activities.

Note 15 Total transfers of expenses

	2018/2019	2017/2018
Reinvoiced Head Office costs and services	10,168	9,460
Borrowing costs reclassified to deferred expenses spread over the loan terms		2,746
Borrowing costs reclassified to financial income (expenses)	1,211	2,070
Operating expenses reclassified to non-recurring income (loss)	1,458	675
Reinvoiced miscellaneous expenses	194	202
TOTAL TRANSFERS OF OPERATING EXPENSES	**13,031**	**15,153**
Reinvoiced bank guarantees	75	192
TOTAL TRANSFERS OF FINANCIAL EXPENSES	**75**	**192**
Reinvoiced non-recurring expenses		
TOTAL TRANSFERS OF NON-RECURRING EXPENSES		
TOTAL TRANSFERS OF EXPENSES	**13,106**	**15,345**

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 2019, 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);
- maeva.com Immobilier Services SAS;
- La France du Nord au Sud SAS;
- LAB Senioriales (formerly 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 Production SAS (formerly PVI 53);
- Pierre et Vacances Senioriales Programmes Immobiliers SAS;
- Pierre et Vacances Tourisme Europe SAS;
- Pierre et Vacances Transactions SARL;
- PVCI Finances (formerly PVI 52);
- PV-CP China Holding SAS (formerly PVI 54);
- 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	76
Tax passed on by subsidiaries	16,677
Net tax (benefit)	**16,753**

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 2018/2019 financial year.

Tax income from previous financial years corresponds to the family tax credit provisioned in respect of the 2018 calendar year, and amounts to €70,000.

The second Court of Appeal ruling handed down on 5 February 2019, which was not appealed by the tax authority, put an end to Pierre et Vacances SA's dispute with the French Tax Authorities relating to a tax audit for the financial years 2003/2004, 2004/2005 and 2005/2006 for which it obtained a favourable outcome. The total amount of its tax loss carry forwards was reinstated and no tax was found to be owed. This dispute has, therefore, been settled.

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 €5,576,000 for 2018/2019, 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 €453,760,000 at 30 September 2019.

Note 18 Related companies

	Companies related	Companies with which the company has an ownership interest
Statement of financial position items		
Net equity interests	577,094	500
Trade receivables	5,154	349
Other receivables(1)	406,392	33,312
Sundry loans and long-term borrowings(1)	-12,782	
Trade payables	-2,397	
Other liabilities	-7,633	
Income statement items		
Financial income	-259	
Non-recurring expenses	14,598	483
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

	30/09/2019	30/09/2018
Guarantees and pledges:		
Lease payment guarantees	1,118,974	1,232,610
First demand guarantee to Sogefinerg (Ailette finance lease)	155,927	160,013
Guarantee given within the framework of contracts to outsource CPE IT solutions and equipment	23,405	18,220
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
Counter-guarantee issued to Société Générale on behalf of PV Exploitation Belgique to secure a leasehold agreement	685	685
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	0	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 Allgäu	0	7,077
Surety issued to SoGePi on behalf of PV Italia as part of the sale of Calarossa	262	0
Surety issued on behalf of SET PV Espana SL to Caixa Bank in connection with the opening of a credit line	0	453
Letter of intent given to Compagnie d'études et de transactions immobilières SA on behalf of Sociedad de Explotacion Turistica Pierre et Vacances España SLU under an operating lease for the "Himalaia Hotels" tourist complex in Pas de la Casa. 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.	7,157	0
Letter of intent given to EB2 Gestion Hotelera SL on behalf of Sociedad de Explotacion Turistica Pierre et Vacances España SLU under an operating lease for the tourism complex in Madrid	10,628	0
Surety issued on behalf of SET PV Espana SL to Caixa Bank in connection with the signature of a credit line	4,000	4,000
Surety issued on behalf of Bonnavista de Bonnemont to Caixa Bank in connection with the signing of a mortgage agreement	0	2,142
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 demand guarantee to Lufthansa Airplus Servicekarten on behalf of various Group subsidiaries following the signing of "Air Plus Carte Logée" implementation contracts.	465	465

	30/09/2019	30/09/2018
Mortgages:		
Mortgage on behalf of Les Senioriales – Toulouse Pont Jumeaux	0	5,450
Mortgage on behalf of Les Senioriales – Pollestres	0	3,800
Mortgage on behalf of Les Senioriales – Bassens	0	3,600
Mortgage on behalf of Les Senioriales – Nimes	3,000	3,000
Mortgage on behalf of Les Senioriales – Saint Priest	3,000	3,000
COMMITMENTS GIVEN	**1,332,586**	**1,449,683**
Guarantees and pledges:		
Rent guarantee deposit – Artois	1,476	1,476
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	158
COMMITMENTS RECEIVED	**2,234**	**2,234**
RECIPROCAL COMMITMENTS	**0**	**00**

Lease payment guarantees:

Pierre et Vacances SA has provided guarantees totalling €1,118,974,000, as described below:

- to La Française and Eurosic for rent commitments related to the Center Parcs village in Allgäu in Germany, with an outstanding amount for the term of the leases of €348.3 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 €149.8 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 €255.1 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 €163.0 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 €1.1 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 €114.3 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 €18.5 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 €5.6 million;
- to Uniqua, owner of the residence in Vienna, for payment of 50% of outstanding rent commitments for the remaining term of the lease amounting to €4.2 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 €4.1 million;
- to the individual owners of the Bonmont residence, for payment of outstanding rent commitments for the remaining term of the lease amounting to €10.8 million;
- to the owner of the Adagio residence in Liverpool, for the payment of 50% of rent owed by its operating subsidiary Adagio UK Limited. Outstanding rent commitments for the remaining term of the lease came to €1.1 million;
- to the owner of the Adagio residence in Cologne, for the payment of 50% of rent owed by its operating subsidiary Adagio Deutschland GmbH. Outstanding rent commitments for the remaining term of the lease came to €1.0 million;
- to Llopuig S.L., owner of the Tossa Del Mare residence, for payment of outstanding rent commitments for the remaining term of the lease amounting to €0.5 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 €0.5 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 €8.5 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 €7.6 million;
- to Eurosic Investments Spain, SOCIMI S.A.U., owner of the Terrazas residence, for payment of outstanding rent commitments for the remaining term of the lease amounting to €25.2 million.

First demand 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 demand guarantee of €155,927,000 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.

On 26 September 2019, the Montreuil Administrative Court found in favour of PV SA and fully discharged its obligation to pay the sum claimed by the tax authority; the procedure to discharge this lien was under way at the reporting date.

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 2019 in respect of the 2018/2019 financial year amounted to €230,000 compared to €229,000 for 2017/2018.

For the years ended 30 September 2019 and 30 September 2018, 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, Yann Caillère, 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:

	2018/2019	2017/2018
Fixed remuneration(1)	2,072,581	1,823,606
Variable remuneration(2)	386,000	572,033
Post-employment benefits(3)	21,803	43,283
Share-based remuneration(4)	0	331,445
TOTAL	**2,480,384**	**2,770,367**

(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 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	15,245	100.00	128,965
Pierre et Vacances FI SNC	15	1,276	99.00	15
Pierre et Vacances Courtage SARL	8	520	99.80	8
Orion SAS	38	-3,882	100.00	38
Curchase SAS	10	219	100.00	10
Pierre et Vacances Investissement XXXXVII SAS	10	-26	100.00	10
PV CP Support Services BV	18	56	100.00	18
Pierre et Vacances Maroc	147	-137	99.99	5,757
Multi-Resorts Holding BV	18	28	100.00	18
Pierre et Vacances Tourisme Europe	52,590	98,586	100.00	422,130
Pierre et Vacances Marques SAS	62,061	3,611	97.78	60,686
PV-CP China Holding BV	2,718	-294	100.00	2,718
Pierre et Vacances Maeva Tourisme Haute Savoie SARL	8	-1	100.00	8
Entwicklungsgesellschaft Ferienhauspark Bostalsee GmbH	100	16	59.95	20
Pierre et Vacances Investissement 51 SAS	10	-3	100.00	10
PVCP CHINA HOLDING SAS (ex PVI 54)	10	-3	100.00	10
Pierre et Vacances Investissement 55 SAS	10	0	100.00	10
Pierre et Vacances Investissement 56 SAS	10	0	100.00	10
SUBSIDIARIES (more than 10% of the capital held):				
GIE PV-CP Services	150	2	28.00	30
Adagio SAS	1,000	11,146	50.00	500
Les Villages Nature® de Val d'Europe SAS	50,461	-58,823	50.00	25,456
Villages Nature® Management SARL	0	-2	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
91,400	0	0	7	-10,680	0	30/09/2019
15	0	0	0	2,109	1,917	30/09/2019
8	0	0	1,062	604	791	30/09/2019
0	0	0	86	-237	0	30/09/2019
10	0	0	1,622	259	0	30/09/2019
0	0	0	0	-3	0	30/09/2019
18	0	0	0	0	0	30/09/2019
0	398	0	0	-90	0	30/09/2019
18	0	0	0	392	0	30/09/2019
422,130	0	0	0	-20,119	0	30/09/2019
60,686	0	0	11,672	7,671	4,734	30/09/2019
2,718	0	0	0	-198	0	30/09/2019
8	0	0	0	0	0	30/09/2019
20	0	0	0	-11	0	30/09/2019
3	0	0	0	-4	0	30/09/2019
10	0	0	0	-3	0	30/09/2019
10	0	0	0	0	0	30/09/2019
10	0	0	0	0	0	30/09/2019
30	0	0	0	0	0	30/09/2019
500	0	0	86,347	2,635	0	31/12/2018
0	73,712	0	240	-15,033	0	30/09/2019
0	0	0	0	1	0	30/09/2019

Note 23 Events after the reporting period

No significant events occurred after the reporting period.

5.4.4 Statutory auditors' report on the financial statements

Year ended 30 September 2019

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, paragraph 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 related current accounts

Risk identified:

At 30 September 2019, the net carrying amount of investments in associates and related current accounts as recorded in the statement of financial position was €611 million, or 58% 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 related current accounts 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 the recoverability of related current accounts.

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.

Specific verifications

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.

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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 2019, GRANT THORNTON was in its 32nd year and ERNST & YOUNG et Autres in its 30th 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, 19 December 2019

The Statutory Auditors
French original signed by

GRANT THORNTON French member of Grant Thornton International	ERNST & YOUNG et Autres
Virginie PALETHORPE	Anne HERBEIN

ADDITIONAL INFORMATION 6

6.1 Person responsible for the Universal Registration Document and auditing the financial statements

6.1.1 Name of the person assuming responsibility for the Universal Registration Document

Gérard BRÉMOND, Chairman.

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 Universal Registration Document

I hereby certify, after taking all reasonable measures to that effect, that the information contained in this Universal 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 222, 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.

Paris, 19 December 2019

Gérard BRÉMOND,

Chairman

6.2 Statutory Auditors

Principal Statutory Auditors:

ERNST & YOUNG & Autres

Anne HERBEIN

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)	2018/2019	2017/2018	2018/2019	2017/2018	2018/2019	2017/2018	2018/2019	2017/2018
Audit								
Statutory audits, certifications, examination of individual and consolidated financial statements	1,235	1,188	94%	94%	323	364	94%	93%
Issuer	317	381	24%	30%	147	192	43%	49%
Fully integrated subsidiaries	918	807	70%	64%	176	172	51%	44%
Services other than the certification of accounts[(1)]	**74**	**71**	**6%**	**6%**	**19**	**26**	**6%**	**7%**
Issuer	43	48	3%	4%	0	6	0%	2%
Fully integrated subsidiaries	31	23	2%	2%	19	20	6%	5%
o.w. legal, tax, social	*7*	*3*						
TOTAL	**1,308**	**1,259**	**100%**	**100%**	**342**	**390**	**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 Universal Registration Document:

- the consolidated financial statements and corresponding audit reports shown on pages 104 to 164 (financial report) of the 2017/2018 Registration Document registered with the AMF on 14 December 2018 under number D. 18-0982;
- 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 Group management report shown on pages 6 to 20 and 92 to 103 (financial report) of the 2017/2018 Registration Document filed with the AMF on 14 December 2018 under number D. 18-0982;
- 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;
- parts not included in these documents are either irrelevant to the investor or covered elsewhere in the Universal Registration Document.

6.5 Documents on display

The regulatory information provided by Pierre & Vacances-Center Parcs pursuant to the provisions of articles 221-1 *et seq.* of the French Financial Markets Authority (AMF) General Regulation is available at the following URL: http://www.groupepvcp.com/fr/90/finance/publications.

6.6 Reference tables

Cross-reference table of the Universal Registration Document

This reference table is based on the headings set out in Annex I and II of Delegated Regulation (EU) 2019/980 of the Commission of 14 March 2019 and refers to the pages of this Universal Registration Document on which the relevant information can be found.

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