Groupe
Pierre & Vacances
Center Parcs

REGISTRATION DOCUMENT 2015/2016

INCLUDING THE FINANCIAL REPORT

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Groupe

Pierre & Vacances CenterParcs

Registration document

2015/2016

INCLUDING THE FINANCIAL REPORT

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

AUTORITÉ DES MARCHÉS FINANCIERS

AMF

This Registration document was filed with the *Autorité des Marchés Financiers** on 15 December 2016 in accordance with Article 212-13 of its general regulations. It may be used in connection with a financial transaction if accompanied by a prospectus approved by the *Autorité des Marchés Financiers**. This document was made out by the issuer and commits the responsibility of the signatory.

* French market regulator.

Profile and key figures

A **leading european** operator of holiday residences

2 complementary business lines

PROPERTY DEVELOPMENT

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

TOURISM BUSINESS

- Operation of residences and villages under a lease or management agreement
- Sale of holidays (Group products or accommodation from third party partners) to French (46%) or international (54%) customers

12,100 employees
serving almost
8 million customers

2 property development subsidiaries

Property development and project management

PIERRE & VACANCES DEVELOPPEMENT

Property marketing

Groupe Pierre & Vacances Center Parcs | Conseil Immobilier

2 tourism business segments

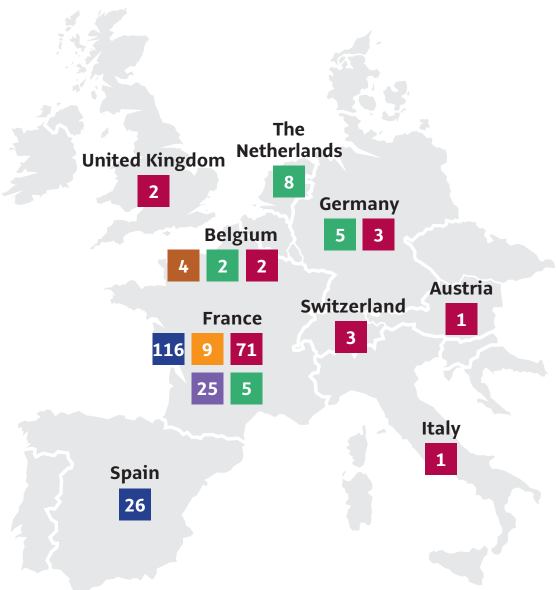
Pierre & Vacances Tourisme Europe (PVTE)

Pierre & Vacances, maeva, adagio aparthotel

Center Parcs Europe (CPE)

Center Parcs, Sunparks

283 sites **operated in Europe**

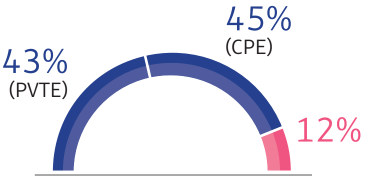


- **45,123** apartments, houses and cottages, by the sea, in the mountains, in the city and in the countryside, in France (65%) and overseas (35%)
- **30%** of the sites are eco-labelled or have an environmental certification

Pierre & Vacances
Pierre & Vacances Premium
Maeva
Center Parcs
Sunparks
Adagio & Adagio access

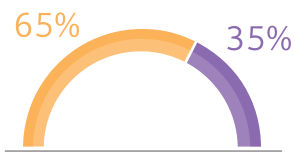
€1,424 million of annual revenue

Breakdown of Group revenue by business line and business segment



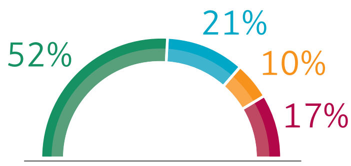
Tourism Business
Property development

Breakdown of Tourism business revenue by activity



Accommodation
Related businesses
(events, services, shops, catering, etc.)

Breakdown of rental revenue by destination



Countryside (CPE)
Seaside resorts
Mountain resorts
City residences

50 years of history in 2017

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.

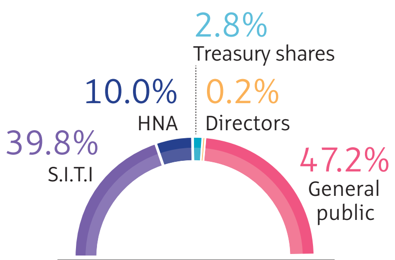
1999
The Group is floated on the stock exchange.

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

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

Since 2013
The business model evolves with new financing trends (sale of property to institutional investors), growth of new tourism businesses (distribution and rental management, marketing of partner residences), and rolling out businesses internationally (strategic partnerships in Spain with Eurosic and in China with HNA).

Share capital distribution



S.I.T.I: Holding company held by Gérard Brémond
General public: **85%** institutional investors
15% individuals

Board of Directors

13
directors

4 nationalities
4 independent members
4 women

General Management Committee

4
directors

Chairman and Chief Executive Officer:
Gérard Brémond

Deputy CEOs:
Patricia Damerval and Thierry Hellin

Tourism Business CEO:
Martine Balouka-Vallette

Pierre & Vacances Village – Club Cap Esterel (France)

1

Presentation of the Group

1.1 A leading european holiday residence Group

Established in 1967 by its Chairman and Chief Executive Officer, Gérard Brémond, the Pierre & Vacances-Center Parcs Group is now the European market leader for holiday accommodation and holiday property investments. With five leading tourism brands (Pierre & Vacances, Center Parcs Sunparks, Maeva and Adagio), the Group is able to provide a unique offering of holidays in residences and villages, in the mountains, in the seaside, in the countryside and in the city, in France and overseas.

The Group's business model is based on the complementary nature of its two business lines:

- **Property Development,** which involves the design, construction/renovation and sale of residences to individual or institutional buyers;
- **the Tourism Business,** which operates these sites and sells holidays to European customers.

1.1.1 A unique tourism offering

1.1.1.1 A comprehensive offering

With a portfolio of over 45,000 apartments and houses across 283 sites and 4 product lines – residences, club-villages, Center Parcs 'Domains' (sites) and city aparthotels – the Group's brands offer a range of destinations, accommodation types and levels of comfort.

Furthermore, 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.

1.1.1.2 A European presence focused on local tourism

The diversity of its European destinations is a specificity of the Group, allowing the vast majority of its customers to travel by car to their holiday destination. 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 2016, 65% of the apartments operated by the Group were located in France: Northern Alps, Pyrenees, the Côte d'Azur, the Atlantic coast and the Channel, Provence, cities, French West Indies. In Europe, the Group also has a presence in the Netherlands (12% of the portfolio), Belgium (7%) and Germany (7%) via the Center Parcs and Sunparks villages, and in other European countries (Switzerland, England, Italy), via its Adagio residences.

1.1.1.3 Complementary distribution channels

Holiday residence properties are marketed via two complementary distribution channels:

- direct marketing (79%), with a proprietary network in France, the Netherlands, Germany and Belgium, which has the advantage of reduced costs. Online sales by the Group-branded websites accounted for a growing proportion of the accommodation revenue (53.2% in 2015/2016, compared with 49.7% in 2014/2015);
- indirect marketing (21%), through French and international agencies and tour operators active in all European countries, which broaden the potential target.

A COMPREHENSIVE TOURISM OFFERING

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.

176 sites
20,531 apartments and houses
(26,857 including the marketing business/multiple ownership and franchise)
101,298 beds

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

24 sites
15,404 cottages
77,860 beds

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

83 sites
9,188 apartments and villas
23,888 beds

Launched in April 2014, maeva.com is an accommodation distribution and rental management website. With 25,000 properties available, maeva.com can offer its customers a wide range of owner-to-lessee accommodations or accommodation within holiday residences and campsites in all regions of France and Spain.

Over 1,200 accommodation units:
privately-owned apartments, houses and villas
50 campsites
60 holiday residences

1.1.2.4 Tourism Business revenue by brand

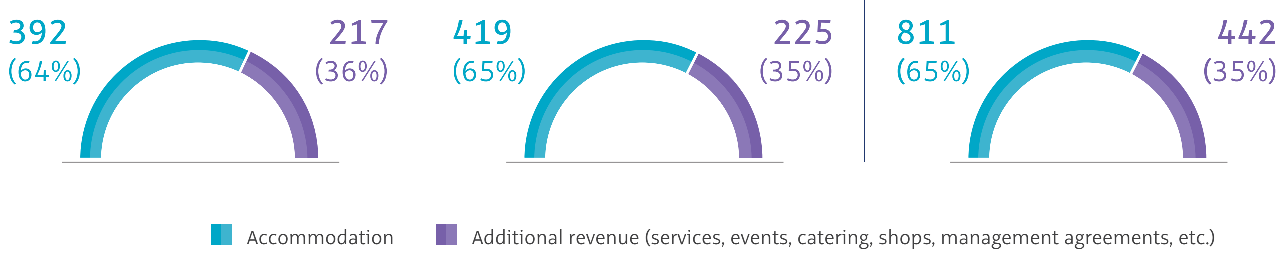
For operational reporting purposes, the brands are grouped into two business segments:

- **Pierre & Vacances Tourisme Europe (PVTE)**, which includes Pierre & Vacances, Maeva and Adagio;
- **Center Parcs Europe (CPE)**, which includes the Center Parcs and Sunparks brands.

Tourism Business revenue (financial year 2015/2016)

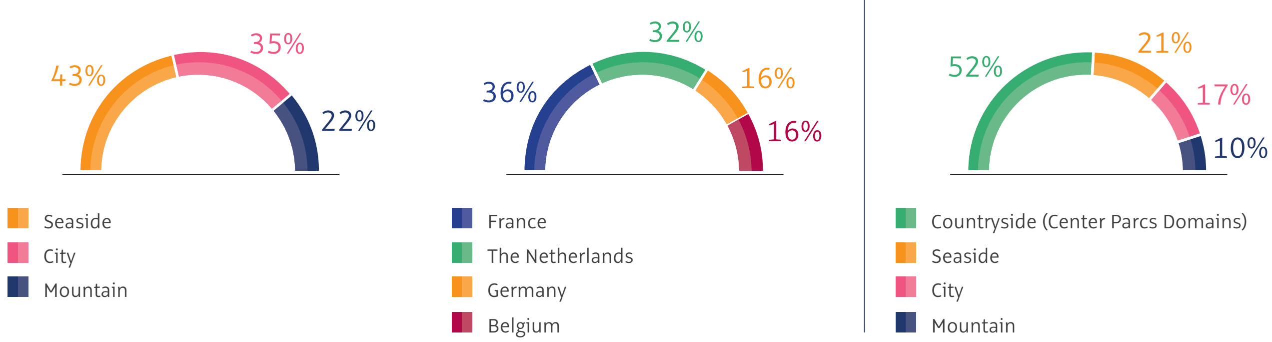
Pierre & Vacances Tourisme Europe | Center Parcs Europe | **Tourism Business**

€609m — i.e. 49% of Tourism Business revenue | €644m — i.e. 51% of Tourism Business revenue | €1,253m



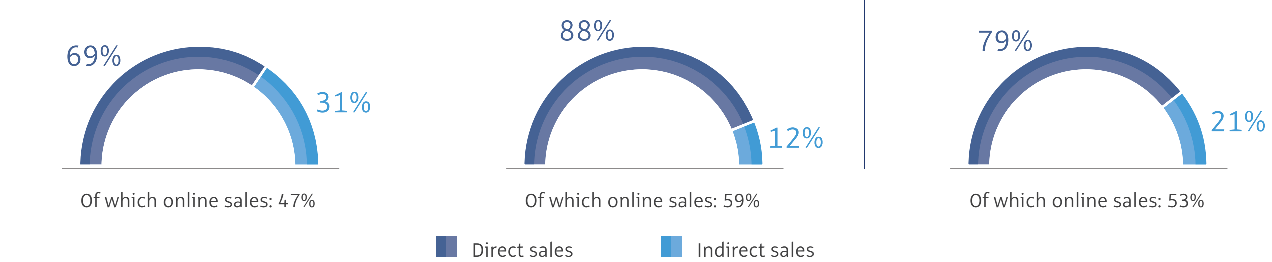
Accommodation revenue by destination

Pierre & Vacances Tourisme Europe | Center Parcs Europe | **Tourism Business**



Accommodation revenue by distribution channel

Pierre & Vacances Tourisme Europe | Center Parcs Europe | **Tourism Business**



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1.1.2 A leading competitive position

1.1.2.1 A key player

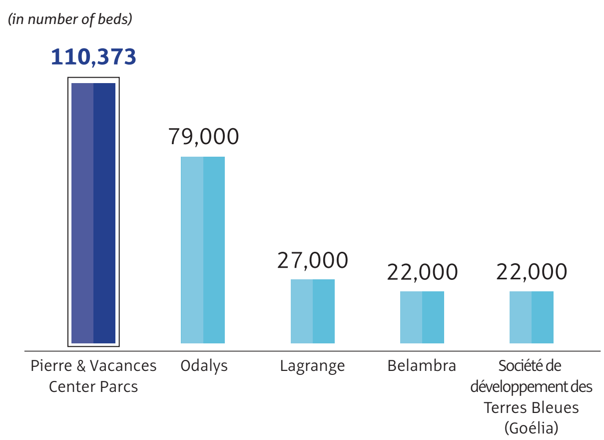
With 283 sites, 45,123 apartments and 203,046 beds operated in Europe, the Pierre & Vacances-Center Parcs Group is the European leader in the holiday residence market, a market that is very little consolidated (2/3 independent operators) but significant (in the range of €12-13 billion).

- In France, the Group is **the market leader in leisure residences.** This market represents nearly 1,766 sites (excluding city residences), 139,028 apartments and houses, and 647,085 beds (source: *SNRT*), of which 17% is included in the Group's offer (110,373 beds).

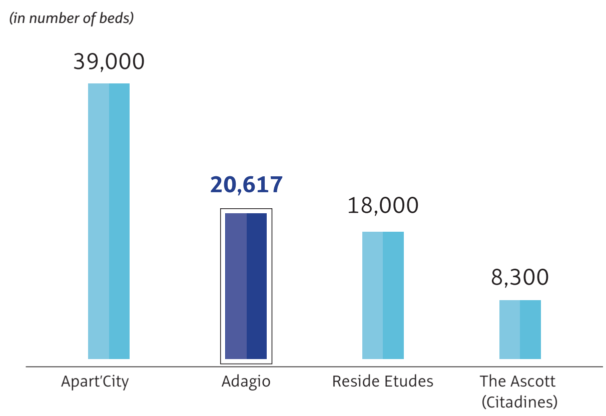
  Competition is strong, given the presence of multiple traditional players (holiday residences – Odalys (79,000 beds), Lagrange (27,000 beds), Belambra (22,000 beds), Goelia (22,000 beds), open-air accommodations, etc.) but also digital players (specialised and C to C distributors – Airbnb, HomeAway, etc.). In such a competitive environment, the Group has been focusing on what sets it apart, i.e. the guarantee of a level of quality that only large brands can provide, flexibility with long and short holidays, customisable themes and offers, various price range (combining transportation, services and activities) and a broad choice of destinations.
- In Northern Europe, the main rivals for Center Parcs Europe are Landal Greenparks (75 villages, or 13,500 cottages, in the Netherlands, Belgium, Germany, and Switzerland) and Roompot (49 parks, or 644 cottages, in the Netherlands and Germany).
- **In the city residence market, the Group is ranked in 2nd place** with 83 Adagio and Adagio Access residences. The French portfolio includes 546 city holiday residences for 53,672 apartments and 144,274 beds, Appart'City representing 27% of the offer, Adagio 14%, Réside Études 12% and Ascott Limited/Citadines 6% (source: *SNRT*, March 2016).

  Adagio residences mostly receive business travellers (60%) comprising managers, consultants and employees, but also tourists (40%) who complement the business customers, particularly in the summer months.

Key players in "leisure" holiday residences in France [1]



Key players in city residences in France [1]



[1] *SOURCE: SNRT mars 2016*

It should be noted that the Pierre & Vacances-Center Parcs Group also has a pure property development business with **Les Senioriales** products. Les Senioriales has developed an innovative residence concept meeting the needs of active and independent elderly people. These are not medical residences but provide comfort, security and conviviality and contain around 60 to 70 homes located very close to medium-sized towns. 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 growing social media presence;
- a balanced brand portfolio encompassing budget (*e.g.* Maeva) and high-end (e.g. Pierre & Vacances premium – Center Parcs VIP – Adagio Premium) holiday options;
- local tourism offers low-cost holidays (over 90% of our customers travel to our sites by car) and is less exposed to geopolitical and climatic risks;
- a flexible offering ("*à la carte*" services, flexible break lengths and check-in and check-out dates);
- a secure offering in comparison with "C2C" options (Airbnb, Homeaway, etc.): 24 hour reception, caretakers and a standardised offering ensures the quality of the apartments and surroundings.

1.2 An evolving business model

1.2.1 The historic business model

1.2.1.1 Two complementary business lines

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

The property development business is primarily focused on the Group's tourism businesses since it consists of building/renovating residences and villages which are then operated by the Group's tourism subsidiaries.

- **Pierre & Vacances Développement,** a property development subsidiary, acquires land, and designs and builds tourism projects in the capacity of a project manager. Locations for residences or villages are selected based on their tourism appeal and long-term profitability prospects. The Group carries out property development projects according to strict and prudent rules: administrative authorisations are obtained before land purchases, resulting in the Group only being committed to the fees due for obtaining planning permission, and at least 50% of developments are pre-sold before building work begins.
- **The property marketing subsidiary, Pierre & Vacances Conseil Immobilier** sells the apartments and houses in these residences or villages off-plan (French VEFA/VEFR) to individual investors *via* a network of dedicated sales professionals, partners and private advisors (banking networks, asset managers and specialist entities).

The Group's tourism subsidiaries then take delivery of the new residences and are responsible for the day-to-day management and sale of holidays to tourists.

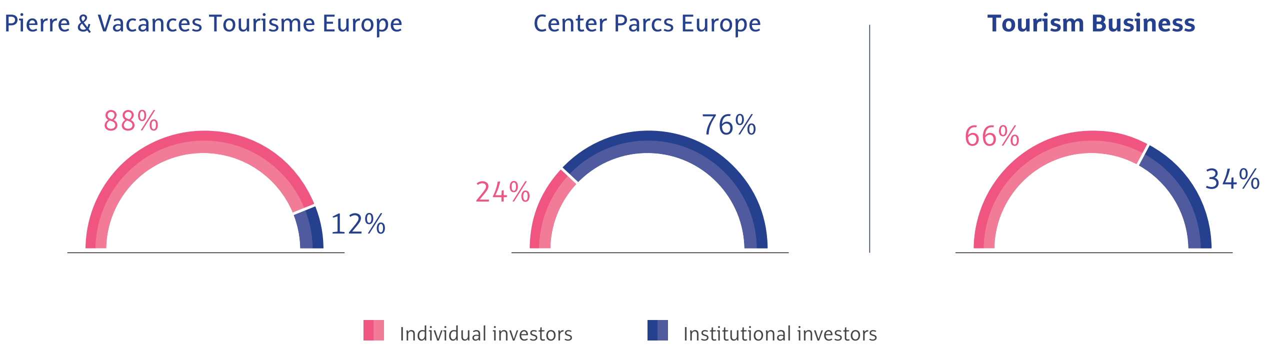
The property development and tourism businesses complement each other, which offers two advantages: for the Group, these two businesses have separate cycles which protect them from economic or sectoral crises. For customers: the integration of the two provides strong fundamentals such as quality sites and architecture, as well as sustainable and comfortable houses and apartments.

1.2.1.2 An "asset-light" model

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

- tourism accommodation units (apartments, houses or cottages) built or renovated by the Group are sold to individual investors according to the traditional model;
- the communal parts of the sites (roads, circulation areas, green spaces, etc.) belong to the syndicate of joint owners. However, the Group is generally still an owner, in the Pierre & Vacances residences and villages, of some of the commercial premises (restaurants, bars, seminar rooms, etc.), general services and leisure facilities (aquatic centres, sporting facilities, kids' clubs, etc.). Ownership of these assets is a guarantee of the Group's long-term management of the sites concerned;
- the central facilities of the Center Parcs Domains – shops, boutiques and water parks – belong to the institutional investors or semi-public companies which financed their construction;
- most of the residences, villages or sites from successive external acquisitions (particularly the Center Parcs Domains) are owned by institutional investors.

At Group level, 66% of apartments operated were owned by individual investors, and 34% by institutional investors:



1.2.1.3 Leases for tourism operations

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. Under lease agreements, the lessee (a Pierre & Vacances-Center Parcs Group company) agrees to pay a fixed or variable rent (depending on operating performances) with or without a guaranteed minimum. The variable rents formula, which was initially developed in Spain, has now been extended to the French portfolio, particularly when leases are being renewed, and is also being used internationally (for example, Adagio, and in Germany (Bostalsee)).

Income generated from the leased apartments and houses offsets the rents payable to the owners. 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).

1.2.1.4 The historic business model – a summary

PROPERTY DEVELOPMENT

1. PROSPECTION
Site prospection and design is done jointly by the Group's tourism and property teams.

2. MARKETING
Off-plan sale of accommodation to private individuals and facilities to institutional investors
The Group (lessee) and the owners (lessors) are bound by leases.

3. BUILDINGS
Residences or villages built by a delegated project management company from within the Group
The work is financed by calls for funds to owners.

TOURISM BUSINESS

4. OPERATION
Site management and sale of holidays to tourists (the income generated pays the rent charged by the lessors/owners).

1.2.2 New growth models

1.2.2.1 Increased financing of property projects by institutional investors

To boost sales of major programmes at a time when investment by individuals in rental property in France has slowed (less appealing tax incentives), the Group has targeted institutional investors in addition to individuals. Institutional investors, seeking a return on their investments, have large cash reserves and are seeking to diversify their assets. Accommodation units are block-sold to banking institutions or insurance companies.

The Domaine du Bois aux Daims in France, the Center Parcs project in Allgau in Germany and Villages Nature Paris were financed with the support of institutional investors:

Center Parcs Domain "Bois aux Daims"

- 80% of the 800 cottages on the site were block-sold to renowned institutional investors (MACSF, MAIF, Amundi, Allianz, DTZ Asset Management on behalf of CNP Assurances, Groupama, "la Française" Group), which had hitherto not invested in holiday accommodation.
- Infrastructures and communal facilities were financed through a public-private partnership with local public stakeholders, such as the *Conseil Général de la Vienne* and the *Conseil Régional Poitou-Charentes*, interested in the direct and indirect job creation impact.

Villages Nature Paris

- Of the 916 cottages and apartments in the first tranche of Phase 1 of Villages Nature Paris, 783 were block-sold to Eurosic (50%), Pierre & Vacances-Center Parcs (37.5%) and Euro Disney (12.5%). In this particular case, the cottages and apartments are destined to be sold on to individual investors.
- Recreational facilities were financed by Eurosic, the Caisse des Dépôts, CNP Assurances and the property investment fund Delta Loisirs Évasion.

Center Parcs Domain in Allgäu

- As part of the European diversification of its SCPI, on 11 March 2016, the "La Française" Group acquired 250 cottages and the accompanying leisure facilities on the future German Center Parcs site in Allgäu. This acquisition is in addition to the acquisition by the Eurosic Group of 750 cottages and central recreational facilities for the Domaine.

1.2.2.2 Applying the property sales model to individual investors in Europe

For some years, the Group has been innovating by successfully applying its historic **model of selling property to private individuals** on cottages at the Center Parcs Domains in Germany, Belgium and The Netherlands.

Sale of cottages at the Domain Center Parcs Bostalsee in Germany

- The 500 cottages at Park Bostalsee, which opened in July 2013, were sold to individual investors, mostly German (56%) but also Dutch (19%), French (11%) and Belgian (11%).
- Two sale options were available: a non-indexed return of 5% or a fixed non-indexed return of 3% with a variable portion linked to the site's performance. Half of the 500 cottages were sold under the first option, and the other half under the second option.
- Selling the properties to private individuals was a real innovation in the German market, particularly as Germany has no tax incentives for this kind of investment by individuals.

Split sale off-plan of cottages owned by institutional investors

- After successfully selling the Bostalsee cottages to private individuals, the Group is now offering institutional investors in Germany, The Netherlands and Belgium the opportunity to sell on their renovated cottages to private individuals. While ensuring investment liquidity to their institutional investors, the Group is renovating its villages, retaining a rental level comparable with institutional owners and generating income from the property.
- Four Domains are currently being sold: Port Zelande Domain (in The Netherlands), Sunparks Vielsalm Domain (in Belgium), and Center Parcs Nordseeküste and Hochsauerland Domains (in Germany).

1.2.2.3 Partnerships to develop business internationally

Development partnership agreements in China

On 6 November 2015, HNA Tourism and the Pierre & Vacances-Center Parcs Group entered into strategic partnership agreements with two components:

The development of tourism destinations in China inspired by the Center Parcs and Pierre & Vacances concepts:

The projects will be implemented by a joint venture 60% owned by HNA Tourism and 40% owned by PVCP, which will deliver property development and tourism services on behalf of the investors for each project.

- HNA commits to securing financing for the first five developments over three years, to being involved in acquiring land and permits and to selling, via its travel agent subsidiary, the PVCP Group's European destinations to Chinese customers.
- PVCP contributes its property and tourism expertise by overseeing the scheduling, architectural design and landscaping for each project, the property sales to private individuals, and the tourism management – distribution and operation – of the completed developments.

The Pierre & Vacances-Center Parcs and HNA Tourism Groups signed letters of intent, on 4 July 2016, for the acquisition of three plots of land located near Shanghai and Beijing, and on 18 November 2016 for an additional land on the seaside in the South of China.

At the same time, agreements were concluded with three major Chinese retailers, Ctrip, Caissa, and Tuniu.com. As such, 15 French destinations belonging to Pierre & Vacances, Center Parcs and Adagio are to be marketed to Chinese tourists. The first tourism reservations have since been made.

HNA Tourism's equity interest in the capital of Pierre et Vacances SA

On 30 March 2016, the Chinese group, HNA Tourism, subscribed to a reserved capital increase representing 10% of the capital of Pierre et Vacances SA after the transaction, or 980,172 new shares at a unit price of €25.18. Once this transaction was complete, the individual equity interest and voting rights of S.I.T.I. (the holding company controlled by Gérard Bremond) was 39.83% and 56.42% respectively of Pierre et Vacances SA [1].

(1) On the basis of share capital prior to the transaction comprising 8,821,551 shares representing 12,856,840 gross voting rights (data at 29 February 2016).

Development partnership agreements in Spain

In December 2015, the Spanish subsidiary of the Eurosic Group signed a framework agreement with the Pierre & Vacances-Center Parcs Group to acquire tourism sites to be operated by the Pierre & Vacances-Center Parcs Group and then resold to individual clients. The aim of this new partnership is to increase the number of sites operated by the Pierre & Vacances brand in Spain.

Under this agreement, Eurosic acquired three sites in the 2015/2016 financial year, including 166 apartments on the Manilva site, previously owned by the Pierre & Vacances-Center Parcs Group.

1.2.2.4 Developing a distribution and rental management business: maeva.com

A multi-product distribution business

- With over 700,000[2] properties available for rent and 9.4 million French holidaymakers occupying them, seasonal rentals are now France's leading tourist accommodation. In this context, and with the aim of becoming a major player in online holiday rentals, in 2014 the Pierre & Vacances-Center Parcs Group developed a holiday sales platform within multi-product and multi-brand tourism structures.

  The platform is called maeva.com, capitalising on the reputation of the brand, and has a wide, certified tourism offering in France and Spain consisting of three product types:
  - Pierre & Vacances residences;
  - third-party partner accommodation: tourist residences, campsites, club villages, chalets, etc.;
  - apartments and houses marketed by local estate agents.
- On 27 April 2016, the Group announced the acquisition of the company "La France du Nord au Sud", a renowned company in online sales in France and Spain, to widen the range of maeva.com products and accelerate its growth. The combined offering of maeva.com, having incorporated "La France du Nord au Sud", now amounts to 25,000 accommodation unit.

A new rental management offering

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

Under management agreements, the agent (a Pierre & Vacances-Center Parcs Group company) acts as a service provider and bills for management and marketing fees. Operating income accrues to the owner (the customer).

The development of the management agreement business is a **genuine growth and performance opportunity for the Group.** Already used for co-owner residences operated by the Group, this type of management is now more frequently offered to owners at the end of leases and is a concrete answer to the challenge the Group has in keeping strategic properties located on quality sites but generating insufficient income. maeva.com also aims to offer these management agreements to individual investors initially attracted by the services of estate agents or websites such as Abritel or Airbnb.

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.

1.2.2.5 Marketing mandates for partner residences

To develop the Pierre & Vacances offering internationally, the Group entered into **marketing mandates for some independent partner sites** which meet all of the brand's quality and services standards. In 2016, there were more than 60 destinations (residences or villas) in the sunniest and most beautiful spots of Europe (Croatia, Italy, Spain, Portugal, Greece, etc.) and the exotic beaches of Mauritius. 24 of these residences have high-end settings and services, doubling the premium offering of Pierre & Vacances. These sites also enable the Group to offer new types of accommodation, such as villas with private pools (Mauritius and Portugal).

The growth of this type of offer is a major focus for the Pierre et Vacances brand. The quality standards of these sites meet our specifications, but, even more importantly, they meet the satisfaction criteria of the customers they attract: 50% of these new residences were recognised by TripAdvisor in 2015/2016. These appealing destinations have attracted new customers and won back old ones.

(2) Source: Etude Atout France 2015.

1.2.3 Summary of the evolution of the business model

HISTORICAL BUSINESS MODEL

MARKETING of accommodation units	TOURISM OPERATION	DEVELOPMENT
◆ to individual investors ◆ in France	◆ under lease agreements	◆ mostly in France

CURRENT BUSINESS MODEL

MARKETING of accommodation units	TOURISM OPERATION	DEVELOPMENT
◆ to individual investors and/or to **institutional investors** (block sales - portage followed or not by unit sales to individuals) ◆ in France and **abroad**	◆ under lease agreements ◆ under management **mandates*** MARKETING AND RENTAL MANAGEMENT ◆ **Marketing of third-party residencies** in Europe ◆ **Online holiday rentals and rental management** (maeva.com)	◆ in France ◆ **internationally:** - partnerships in China and Spain - marketing mandates* in the South of Europe and Mauritius

** Under management mandates, Pierre & Vacances-Center Parcs Group acts as a service provider and bills for management and/or marketing fees. Operating income accrues to the owner.*

1.3 History

ORGANIC GROWTH

2016	Selection of Pierre & Vacances as planner, developer and operator, and of the Wilmotte & Associés architectural firm, to develop a New Tourism Unit to create a "5th generation ski resort" on the Plagne Aime 2000 site.
2016	Financing for the expansion of the sixth German Center Parcs in Allgäu (Baden Württemberg).
2015	Opening of the fifth Center Parcs in France (Domaine du Bois aux Daims), in the Vienne region.
2015	The PVCP Group develops its rent management business through the maeva.com platform.
2015	Creation of "W2-IM" (Worldwide Invest Management) to develop the Group's property development expertise.
2014	Signature of financing agreements for the first tranche of Phase 1 of Villages Nature Paris (independent subsidiary created by PVCP and Euro Disney).
2014	Creation of maeva.com: the PVCP Group becomes a distributor.
2013	Opening of the fifth Center Parcs in Germany, Park Bostalsee.
2013	PVCP Group and the Accor Group open seven Adagio-brand aparthotels in Brazil and the first aparthotels in the UK in Liverpool.
2012	Extension of the Avoriaz resort (three new residences and a water park, Aquariaz).
2010	Opening of the fourth Center Parcs in France, in Moselle-Lorraine (Domaine des Trois Forêts).
2007	Opening of the third Center Parcs in France in the Aisne department (Domaine du Lac d'Ailette).
2005	Opening of the first Pierre & Vacances residence in Spain.
1998	Opening of two Pierre & Vacances club-villages in the Caribbean (Guadeloupe and Martinique).
1997	Opening of the first Pierre & Vacances eco-village, Belle Dune in the Somme bay area.
1990	Opening of the first Pierre & Vacances village in Cap Esterel (Côte d'Azur).
1988	Opening of the first Sunparks in Oostduinkerke, Belgium.
1987	Opening of the first Center Parcs in Normandy, France – the Domaine des Bois Francs.
1981	Opening of the first Center Parcs in Belgium, Eperheide Center Parcs.
1980	Launch of the first Aqua Mundo with the opening of the sixth Dutch Center Parcs, in De Eemhof.
1979	Opening of the first Pierre & Vacances seaside residence in Juan-les-Pins.
1979	Opening of the first Center Parcs in Germany, Park Heilbachsee (Hochsauerland).
1967	Launch of a new holiday resort concept by Gérard Brémond in Avoriaz.
1967	Creation of a new holiday concept by Piet Derksen (Center Parcs founder) *"Villa in the forest idea"* in De Lommerbergen, The Netherlands.

STRATEGIC ACQUISITIONS

2016	Acquisition of "La France du Nord au Sud", a renowned online holiday rentals operator in France and Spain.
2011	Adagio becomes the leading urban tourist accommodation provider with the acquisition of Citéa, later to become Adagio Access.
2009	Agreement with Intrawest Hotels & Residences on the acquisition of the holiday residence and retail operations in Savoie and Haute-Savoie.
2007	Acquisition of Sunparks and Les Senioriales.
2007	Launch of Adagio (joint venture with the Accor group).
2003	Full acquisition of Center Parcs Europe (CPE). MidOcean retained all Center Parcs UK (five villages in the United Kingdom).
2002	Acquisition of Résidences MGM.
2001	Acquisition of Maeva.
2001	Acquisition of 50% of Center Parcs Europe from the British company MidOcean.
2000	Acquisition of Gran Dorado.
1999	Acquisition of Orion Vacances.

EXTERNAL COMMITMENTS

2015	Signature of a partnership with the Eurosic Group to increase the number of sites operated by the Pierre & Vacances brand in Spain.
2015	Signature of a strategic partnership with the Chinese group HNA Tourism.
2014	With 18 tourism businesses, the Pierre & Vacances-Center Parcs Group created Alliance 46.2 "Doing Business in France" ("Entreprendre en France pour le tourisme"). The club acts to strengthen France's tourism appeal. Its five working groups make proposals which are the subject of sustained dialogue with the authorities.
1999	Initial public offering.

1.4 Strategy and outlook

The growth in the Pierre & Vacances-Center Parcs operating profit since the 2012 financial year demonstrates the relevance of the strategy in a difficult economic climate and competitive environment.

As regards the tourism business, the Group will continue its growth strategy and its plan to set itself apart from its competitors, focusing on:

- upscaling accommodation and services, with an improved offering which is more flexible and even better segmented in response to competition from the "collaborative economy";
- simplifying customer processes and making them digital;
- an astute revenue management policy, with a view to raising prices in high season and attracting additional customers at off-peak times;
- accelerated diversification of business models, with an improved positioning on holiday sales and rental management via maeva.com, and extending the range of international destinations by increasing contracts for the marketing of partner residences.

Property development will drive quantitative and qualitative holiday offering growth by:

- developing new Center Parcs, Villages Nature Paris, Pierre & Vacances premium and Adagio destinations;
- continuing to renovate the existing Center Parcs in Germany, The Netherlands and Belgium by selling on the renovated cottages to individual and institutional investors;
- development projects in Spain and China.

Focus on the main development projects

Center Parcs:

Center Parcs "mid-size":

- On 28 March 2014, the Group announced its plan to develop two new Center Parcs projects of 400 cottages each, in **Jura** and in **Saône-et-Loire** (French regions).

Following on from the public debates held on 20 April and 4 September 2015, complementary studies were undertaken by the departmental Councils in Jura and Saône et Loire, in liaison with the concessionaires, and Pierre & Vacances-Center Parcs. Their conclusions help add weight to the technical feasibility of the projects in terms of environmental aspects, water resources, sanitation and access to the sites. These are to be prolonged by in-depth studies under the framework of the progress in the authorisation files. As soon as the local urbanisation plans for Rousset-Marizy and Poligny have been definitively validated, Pierre & Vacances-Center Parcs will continue studies enabling it to file the administrative authorisation requests (building permit and single environmental authorisation).

- Another project is under study in **Lot-et-Garonne** (French region).

The departmental Council of the Lot-and-Garonne and the Aquitaine Region deliberated favourably on this opportunity by pledging to create a semi-public company that should acquire the central facilities. Public concertation meetings were held on the project from 6 June to 15 July 2016. In September, the Group filed requests for building permits and the single environmental authorisation, public enquiries for which are due to take place in Q2 2017. The authorisations are expected to be obtained during Q3 2017, while the domain is scheduled to open as of 2020.

Center Parcs "Roybon" (French Isère region)

In France, the Pierre & Vacances-Center Parcs Group also intends to continue its growth with a tourist development project of 1,000 cottages in Isère in the commune of Roybon. The project is a way of boosting the local economy and local tourism and testifies to the Group's commitment to responsible and sustainable tourism. The project has been opposed by a number of associations (administrative and legal procedures are set out in Part 4 of the Registration Document in note 40 to the consolidated accounts).

Center Parcs Allgäu in Germany

In Germany, the Pierre & Vacances-Center Parcs Group plans to develop a 6th Center Parcs in southern Germany in *Leutkirch im Allgäu* in Baden-Wurttemberg. This Domain will extend over 184 hectares in a wooded area close to several lakes. This site will have 1,000 cottages and 20,000 m² of covered central facilities including a waterpark – Aqua Mundo – , shops and restaurants, and sporting and leisure activities. It is scheduled to open in 2018.

Renovation of existing Center Parcs in Germany, The Netherlands and Belgium:

- **Project to renovate the Vielsalm Center Parcs Domain, in Belgium**

The Group is upscaling its tourism offering by renovating the Center Parcs Vielsalm Domain in Belgium. This 350-cottage site is located in the heart of the Belgian Ardennes, 35 km from Spa and 70 km from Liège.

- **Project to renovate the Port Zelande Center Parcs Domain, in The Netherlands**

This Domain is located one hour by road from Rotterdam and an hour and a half from Antwerp, at the edge of Grevelingen lake, the largest salt-water lake in Europe, and a stone's throw from the North Sea. The Domain's 554 cottages have been fully renovated and modernised, providing stunning views of the harbour, lake and beach.

- **Project to renovate the Nordseekuste Center Parcs Domain, in Germany**

Located one hour by road from Bremen and two hours from Hamburg, this Domain on the Norden sea peninsula is only a few metres form the sea inside the Wadden Sea national park. It is a unique habitat for over 10,000 species of flora and fauna, and a UNESCO world heritage site. It has 248 cottages and 97 apartments, which will be fully renovated.

Villages Nature Paris:

Villages Nature Paris is a joint venture between Euro Disney and Pierre & Vacances-Center Parcs. Designed around the encounter between Man and Nature, this new European holiday destination is a major innovation in family-friendly, sustainable tourism which offers short and medium stays.

At the heart of a unique green space, Villages Nature Paris will provide a complete change of scene, enabling visitors to get back to nature, and spend quality family time. Developed on 120 hectares at the time of opening (scheduled for summer 2017), Villages Nature Paris will offer five leisure areas (the Aqualagon with its geothermal lagoon heated to 30°C all year round, the lakeside walk, the extraordinary gardens, BelleVie farm, the Forest of Legends) as well as 916 cottages and apartments across three different categories (Cocon VIP, Country Premium and Clan Comfort).

This project could span up to 500 hectares and be developed in several phases over a 20-year timeframe.

PV Premium

The Group continued to strengthen its premium label with two 5-star projects, one in Deauville on the Touques peninsula (161 apartments), expected to open in 2018, and another in Méribel (93 apartments) to open in 2019.

Adagio

Adagio will continue its international growth with 22 signed portfolio projects for future openings (London, Bremen, Jeddah, Abidjan, Doha, etc.)

Center Parcs – Bispinger Heide (Germany)

2

Corporate governance

2.1 Administrative and management bodies

2.1.1 Composition of the administrative and management bodies

2.1.1.1 Composition of the Board of Directors

The Pierre et Vacances SA Board of Directors has 13 members:

Name	Function	Date first appointed	End of current term of office	Main function within the Company	Main function outside the Company	Independence criteria[(1)]	Number of shares held in the Company[(2)]
Gérard BRÉMOND	Chairman and Chief Executive Officer[(3)]	03/10/1988	Until the Shareholders' Ordinary Meeting called to approve the financial statements for the year ending 30/09/2018	Chairman and Chief Executive Officer	/	No	10
Olivier BRÉMOND	Director	10/07/1995		/	Chairman of Kisan Inc.	No	10
Marc R. PASTURE	Director	10/09/1998		/	Consultant	No	10
SA S.I.T.I., represented by Thierry HELLIN	Director	03/10/2003		Group Deputy CEO	/	No	3,903,548 6,943
Ralf CORSTEN	Director	11/03/2004		/	Consultant	No	10
GB DÉVELOPPEMENT SAS, represented by Patricia DAMERVAL	Director	10/10/2005		Group Deputy CEO	/	No	10 6,943
Andries Arij OLIJSLAGER	Director	06/10/2008		/	Chairman of the Supervisory Board of Detailresult Groep NV	Yes[(4)]	500
Delphine BRÉMOND	Director	02/12/2008		/		No	10
Martine BALOUKA-VALLETTE	Director	02/12/2014		CEO Tourism business	/	No	5,094
Annie FAMOSE	Director	04/02/2016		/	Chair of the Annie Famose Group	No	20
Bertrand MEHEUT	Director	04/02/2016		/		Yes	40
NING LI	Director	30/03/2016		/	Deputy CEO ESMA-HNA	Yes	10
Gérard HOUA	Director	30/03/2016		/	CEO of CGE-BC Water Investment Co., Ltd	Yes	100

(1) The criteria set out in the AFEP-MEDEF Code are used to assess the independence of directors. The position of each director with regard to the independence criteria has been examined by the Board of Directors during its self-assessment of the way in which it operates.
(2) Company directors must hold at least ten shares.
(3) The meeting of the Board of Directors held on 20 October 2014 decided to combine the functions of Chairman and Chief Executive Officer.
(4) A. Olijslager has regained the status of independent director within the meaning of the AFEP-MEDEF Code, because the period of five years since the end of his term of office on the Center Parcs Europe N.V. Supervisory Board has elapsed.

The only family relationship between those listed in the above table is a relationship between Gérard Brémond, Olivier Brémond and Delphine Brémond.

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

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

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

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

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

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

2.1.1.2 Functioning of the Board of Directors

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

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

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

All information relating to the way the Board of Directors operates appears in the Chairman's report on the organisation of the Board and the internal control procedures (pages 45 to 55 of this Registration Document).

2.1.1.3 Terms of office held in other companies (outside the Pierre & Vacances-Center Parcs Group) in the last five years

Gérard BRÉMOND, *Chairman and Chief Executive Officer*

Born on 22/09/1937

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

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

Mr Gérard Brémond is:

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

Mr Gérard Brémond was:

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

Olivier BRÉMOND

Born on 03/10/1962

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

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

Mr Olivier Brémond is:

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

Mr Olivier Brémond was:

- until May 2012, Director of Kisan (Iceland)

Marc R. PASTURE

Born on 19/12/1947

Business address: Wilhelmstrasse 5 AD – 53840 Troisdorf – Germany

Expertise: Marc R. Pasture undertakes consulting assignments for various companies in Germany, especially in the field of marketing. He has occupied senior executive positions in companies such as Pirelli, Citroen, TUI, LTU Touristik, RWE Plus and Alfa Roméo. Marc Pasture has an MBA in corporate management (Université de Louvain).

Mr Marc Pasture is:

- Chairman of the Supervisory Board of:
  - Comités GmbH (Germany)
- Member of the Supervisory Board of:
  - Maritim Hotelgesellschaft mbH (Germany)
  - Kübler & Niethammer Papierfabrik Kriebstein AG (Germany)
- Director of:
  - Deutsche Auslandsgesellschaft (Germany)
  - MMM Business Media S.A. (Belgium)
- Member of the Advisory Board of:
  - HDI-Gerling Industrie Versicherung AG (Germany)
  - Odewald & Compagnie (Germany)
  - Hauck & Aufhäuser Privatbankiers GmbH & Co KG (Germany)

Mr Marc Pasture was:

- until 1 November 2011, member of the Supervisory Board of Sevenload AG (Germany)
- until 12 December 2011, member of the Advisory Board of Comités GmbH (Germany)
- until 30 September 2012, member of the Supervisory Board of Dolce Media GmbH (Germany)

Thierry HELLIN, *Group Deputy Chief Executive Officer*(3)

Born on 11/11/1963

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

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

Mr Thierry Hellin is:

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

Ralf CORSTEN

Born on 21/02/1942

Business address: Hauptstrasse 27 – 82402 Seeshaupt – Germany

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

Mr Ralf Corsten is:

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

(3) Responsible for Legal Affairs, Development, Purchasing, Sustainable Development, Risk Management, Human Resources, and General Services.

Patricia DAMERVAL, *Group Deputy Chief Executive Officer*(4)

Born on 28/04/1964

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.

Ms Patricia Damerval is:

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

Andries Arij OLIJSLAGER

Born on 01/01/1944

Business address: Olaxbeheer BV, Postbus 49, NL – 9062 ZH Oentsjerk, the Netherlands

Expertise: Andries Arij Olijslager is Chairman of the Supervisory Board of Detailresult Groep N.V. and Arriva Nederland N.V. He was also 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).

Mr Andries Arij Olijslager is:

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

Mr Andries Arij Olijslager was:

- until 27 March 2012, Chairman of the Supervisory Board of Eriks BV
- until 31 December 2013, Vice-Chairman of the Supervisory Board of AVEBE UA
- until 15 April 2016, Chairman of the Supervisory Board of Heijmans N.V.

Delphine BRÉMOND

Born on 14/07/1966

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

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

Mrs Delphine Brémond is:

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

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

Born on 19/11/1951

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.

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

(4) *Responsible for Finance, Development, Auditing and Portfolio Management.*

Annie FAMOSE

Born on 16/06/1944

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).

Ms Annie Famose is:

- Chair of Société des Commerces Touristiques SCT SAS
- Chair of the Board of Directors of Skiset Group-CLS SA
- Representative of CLS SA, director of Compagnie Internationale des Loueurs de Ski, CFLS
- Chair of Skishop SAS
- Manager of Skiset Finances SKF SARL, Le Yak SARL, Le Village des Enfants SARL and SCT Web SARL
- Manager of Sarah SCI, LDV SCI, BLR SCI, Brémond Lafont SCI, LR SCI, Kiwi SCI, David SCI, ST Invest SCI and Fina SCI
- Director of the Olympique Lyonnais Group

Bertrand MEHEUT

Born on 22/09/1951

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

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

Mr Bertrand Meheut is:

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

Mr Bertrand Meheut has been:

- Chairman of the Management Board of the Canal+ Group
- Chairman of the Management Board of Canal+ France
- Member of the Vivendi Management Board
- Chairman of the Board of Directors of the Société d'Edition 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+ Editions
- Representative of Canal+ France, active partner of Kiosque
- Member of the Management Committee of Canal+ Overseas
- Member of the Supervisory Board of TVN (Poland)

Ning LI

Born on 02/09/1980

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

Expertise: Ning Li has occupied various roles within the management of HNA Group since 2010. Since April 2016, he has been Deputy CEO of ESMA-HNA. Ning Li has a Master 2 in Economic and Management Science.

Mr Ning Li is:

- Deputy CEO of ESMA-HNA SAS.

Gérard HOUA

Born on 06/09/1958

Business address: Room 1162, Jing'an Center, No 8 Beisanhuan East Road, Chaoyang District, Pekin, 100028 China

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

Mr Gérard Houa holds no term of office in other companies outside the Pierre & Vacances-Center Parcs Group.

2.1.2 Composition of the specialist Committees[5]

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

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 responsibilities and functioning of these specialist Committees in assisting the Board of Directors in its work are stated in the Chairman's report on the organisation of the Board of Directors and internal control procedures (page 48 of this Registration Document).

2.1.2.1 The Audit Committee

This Committee has two members, appointed for the duration of their term of office as directors: Andries Arij Olijslager and Ralf Corsten.

The Committee is chaired by Mr Andries Arij Olijslager.

2.1.2.2 The Remuneration and Appointments Committee

This Committee has two members, appointed for the duration of their term of office as directors: Marc Pasture and Ralf Corsten.

The Committee is chaired by Mr Marc Pasture.

2.1.3 Composition of the Executive Management committee

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

Gérard Brémond

Chairman
and Chief Executive Officer

Patricia Damerval

Group Deputy Chief
Executive Officer

Thierry Hellin

Group Deputy Chief
Executive Officer

Martine Balouka-Vallette

Chief Executive Officer
for the Tourism business

The responsibilities of this Committee and the way it operates are stated in the Chairman's report on the organisation of the Board of Directors and internal control procedures (page 50 of this Registration Document).

(5) The composition of the Audit Committee and the Remuneration Committee is a point of non-compliance with the AFEP-MEDEF code (see section 2.4.1.1. of the Registration Document).

2.2 Remuneration of executives and members of the Board of Directors

2.2.1 Remuneration of the executive and non-executive corporate officers

Please note that the Company has selected the AFEP-MEDEF Code, last revised in November 2016, as its benchmark code. Within the context of the "Comply or Explain" rule laid down in Article L. 225-37 of the French Commercial Code and referred to in Article 27.1 of the AFEP-MEDEF Code, the Company believes that its practices comply with the recommendations of said Code, with the exception of the points mentioned on page 46 of this Registration Document.

For the financial years ending on 30 September 2016 and 30 September 2015, no wage (including benefits of any kind) was paid to a corporate officer directly by the companies which the Pierre & Vacances-Center Parcs Group controls, as defined in Article L. 233-16 of the French Commercial Code. However, Société d'Investissement Touristique et Immobilier (a company controlled by the Chairman, founder and majority shareholder of Pierre et Vacances SA), as an asset management company, invoiced fees for the services rendered by Gérard Brémond, Thierry Hellin, Patricia Damerval and Martine Balouka-Vallette. The fees invoiced by S.I.T.I. were calculated on the basis of direct costs (remuneration paid + employer's contributions + other direct costs: travel expenses, costs of premises, secretarial costs) plus a 5% margin and calculated prorata for the time spent by each individual on managing the business of Pierre & Vacances-Center Parcs Group companies.

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

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

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

2.2.1.1 Summary of remunerations and options and shares paid to the executive corporate officer

(in €)	Financial year 2015/2016	Financial year 2014/2015
Gérard Brémond, Chairman and Chief Executive Officer		
Remuneration payable for the year	592,789	592,967
Value of options granted during the year	-	-
Value of performance-related shares granted during the year	-	-
TOTAL	**592,789**	**592,967**

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

2

2.2.1.2 Remuneration components due or received for the 2015/2016 financial year to the executive corporate officer, put to the vote of the Shareholders' Combined Ordinary and Extraordinary Meeting to approve the financial statements to 30 September 2016

The table below summarises the remuneration components due or received by the executive corporate officer for the 2015/2016 financial year and which will be put to shareholders, in accordance with the AFEP-MEDEF Code.

Remuneration components due or received by Gérard Brémond, Chairman and Chief Executive Officer, put to the vote of shareholders for the 2015/2016 financial year

Remuneration component	Amount *(in €)*	Comments
Fixed remuneration	500,000	No change compared with the previous year
Variable remuneration	90,000	No change compared with the previous year Bonus equal to 18% of the fixed remuneration
Benefits in kind	2,789	Company car

Furthermore, please note that Gérard Brémond does not receive the following remuneration components in his capacity as Chairman and Chief Executive Officer of the Company: variable deferred remuneration, variable multi-year remuneration, special remuneration, share options, performance-based shares, attendance fees, termination benefits, non-compete benefits, supplementary retirement plan.

2.2.1.3 Summary of commitments given to the executive corporate officer

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-competition-clause
Gérard Brémond Chairman and Chief Executive Officer	No	No	No	No

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

2.2.1.4 Summary of remunerations due or paid to each corporate officer member of the Executive Management Committee

	Remuneration in 2015/2016		Remuneration in 2014/2015	
(in €)	payable for the year	paid during the year	payable for the year	paid during the year
Gérard Brémond, Chairman and Chief Executive Officer				
Fixed remuneration	500,000	500,000	500,000	500,000
Variable remuneration	90,000	90,000	90,000	90,000
Special remuneration	-	-	-	-
Attendance fees	-	-	-	-
Benefits in kind	2,789	2,789	2,967	2,967
TOTAL	**592,789**	**592,789**	**592,967**	**592,967**
Patricia Damerval, Deputy Chief Executive Officer				
Fixed remuneration	358,000	358,000	358,000	358,000
Variable remuneration	166,320	166,320	166,320	148,610
Special remuneration	75,680	82,016	75,680	50,000
Attendance fees	-	-	-	-
Benefits in kind	35	35	-	-
TOTAL	**600,035**	**606,371**	**600,000**	**556,610**
Thierry Hellin, Deputy Chief Executive Officer				
Fixed remuneration	358,000	358,000	358,000	358,000
Variable remuneration	154,000	154,000	154,000	138,600
Special remuneration	88,000	88,000	88,000	50,000
Attendance fees	-	-	-	-
Benefits in kind	6,371	6,371	6,546	6,546
TOTAL	**606,371**	**606,371**	**606,546**	**553,146**
Martine Balouka-Vallette[(1)]				
Fixed remuneration	470,000	470,000	391,667	391,667
Variable remuneration	100,000	100,000	100,000	80,000
Special remuneration	50,000	50,000	30,000	-
Attendance fees	-	-	-	-
Benefits in kind	3,694	3,694	3,022	3,022
TOTAL	**623,694**	**603,694**	**524,689 [(2)]**	**474,689**

(1) Remuneration from 2 December 2014, date of her nomination as a board member of Pierre et Vacances SA.
(2) €603,626 on an annual basis.

2.2.1.4 Remunerations of other non-executive corporate officers

Information in this table relates to non-executive corporate officers receiving only attendance fees or other special remuneration.

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 2015/2016, the rules for the allocation of attendance fees adopted by the Board of Directors at its meeting of 11 October 2016 are as follows:

- only directors not employed by Pierre et Vacances SA or by 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 be allocated attendance fees;
- for the 2015/2016 financial year, each director satisfying the above criterion will receive a total amount of €30,000 as remuneration for activities performed in their capacity as members of the Board of Directors;

- the amount of €30,000 will be reduced prorata for the number of Board meetings they did not attend relative to the total number of meetings during the 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 €)	Attendance fees allocated for 2015/2016	Attendance fees paid for 2015/2016[1]	Attendance fees allocated for 2014/2015	Attendance fees paid for 2014/2015[1]
Olivier Brémond				
Attendance fees	20,000	14,000	30,000	21,000
Other remuneration	-	-	-	-
Ralf Corsten				
Attendance fees	15,000	10,500	22,000	15,400
Other remuneration	-	-	-	-
Marc R. Pasture				
Attendance fees	27,000	-	27,000	-
Other remuneration	-	-	-	-
Delphine Brémond				
Attendance fees	5,000	5,000	30,000	30,000
Other remuneration	-	-	-	-
Andries Arij Olijslager				
Attendance fees	33,000	23,100	28,000	19,600
Other remuneration	-	-	-	-
Annie Famose[2]				
Attendance fees	20,000	20,000	NA	NA
Other remuneration	-	-	NA	NA
Bertrand Meheut[2]				
Attendance fees	15,000	15,000	NA	NA
Other remuneration	-	-	NA	NA
Ning Li[3]				
Attendance fees	15,000	15,000	NA	NA
Other remuneration	-	-	NA	NA
Gérard Houa[3]				
Attendance fees	5,000	3,500	NA	NA
Other remuneration	-	-	NA	NA
TOTAL	**155,000**	**106,100**	**137,000**	**86,000**

(1) After deduction, if applicable, of withholding tax paid directly by Pierre et Vacances SA to the French tax authorities.
(2) Total maximum amount of €20,000 in view of the appointment as director on 4 February 2016.
(3) Total maximum amount of €15,000 in view of taking up the term of office as director on 30 March 2016.

2.2.2 Share options and bonus shares

2.2.2.1 Grant policy

The grant policy followed hitherto by the Group identifies:

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

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

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

- all bonus share plans are subject to performance-related conditions (with the exception of two plans, see table on pages 34 and 35);
- bonus shares are only granted to corporate officers if all performance-related conditions have been met;
- the Company has set up a system for linking employees' performance to the performance of the Company (introduction of a special profit-sharing agreement);
- share options were granted over the same calendar periods;
- share option plans are subject to attendance and/or performance requirements;
- corporate officers have agreed not to use hedging facilities until their term of office expires;
- in accordance with Internal Regulations, corporate officers are required to respect closed periods covering (i) the 30 calendar days prior to the date on which the half-yearly and annual consolidated financial statements are published as well as their actual publication dates and (ii) the 15 calendar days prior to the date of publication of the quarterly revenue, as well as the actual publication dates. The timetable for such closed periods is prepared on an annual basis.

2.2.2.2 Share option plans

History of share subscription option plans

At 30 November 2016, there were no share subscription options outstanding.

	2003 option plan	2004 option plan	2005 option plan
Date of Shareholders' Ordinary Meeting	10/03/2003	11/03/2004	11/03/2004
Date of Board of Directors' Meeting	03/11/2003	07/09/2004	26/09/2005
Total number of shares that may be subscribed for at grant date	7,150	162,300	1,000
Number of shares that may be subscribed for by the ten employees granted the largest number of share options	7,150	51,000	1,000
Number of shares that may be subscribed for by current members of the Board of Directors (who are still members at 30/09/2016)	/	12,000	/
of which:			
Thierry Hellin		*4,000*	
Patricia Damerval		*4,000*	
Martine Balouka-Vallette		*4,000*	
Vesting date	04/11/2007	08/09/2008	27/09/2009
Subscription price(1)	€63.83	€66.09	€59.89
Expiry date	04/11/2013	08/09/2014	27/09/2015
Number of shares subscribed for	/	/	/
Total number of share options lapsed or forfeited	7,150	162,300	1,000
Total number of options outstanding at the end of the year	/	/	/

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

History of share purchase option plans

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

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

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

None.

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

None.

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

None.

2.2.2.3 Bonus shares

History of bonus share plans

	2007 plan	2007 plan	2008 plan	2009 plan
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 30/09/2016)	15	4,500	4,500	30,000
Of which:				
Thierry Hellin	*5*	*1,500*	*1,500*	*5,000*
Patricia Damerval	*5*	*1,500*	*1,500*	*5,000*
Martine Balouka-Vallette	*5*	*1,500*	*1,500*	*20,000*
Starting date of the vesting period	09/01/2007	09/01/2007	07/01/2008	12/01/2009
Starting date of the lock-in period	10/01/2009	10/01/2009	08/01/2010	13/01/2011
Duration of the lock-in period	Two years	Two years	Two years	Two years
Grant conditions and criteria	Attendance conditions	Attendance and performance related conditions	Attendance and performance related conditions	Attendance and performance related conditions(4)
Number of shares to be granted	Shares to be issued	Treasury shares	Treasury shares	Treasury shares
Number of shares cancelled	2,370	/	/	40,727(5)
Number of shares vested	8,665	16,010	13,010	43,408

(1) Each preference share may be converted into up to 100 ordinary shares after the end of the lock-in period and 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.

2009 plan	2009 plan	2013 plan	2013 plan	2013 plan	2014 plan	2014 plan	2016 plan	2016 plan
Ordinary shares	Ordinary shares	Ordinary shares	Ordinary shares	Ordinary shares	Ordinary shares	Ordinary shares	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
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
2	1	50	2	4	3	1	3	63
3,325	6,575	229,768[2]	13,333[2]	15,555[2]	20,889[3]	2,222[3]	1,476	1,544
/	/	41,000	/	/	/	/	1,476	/
		15,000					*369*	
		15,000					*369*	
		11,000					*738*	
12/02/2009	12/02/2009	28/05/2013	03/09/2013	02/12/2013	26/05/2014	02/12/2014	04/02/2016	04/02/2016
13/02/2011	13/02/2011	01/01/2016	01/01/2016	01/01/2016	01/01/2017	01/01/2017	04/02/2018	04/02/2018
Two years	Two years	Two years	Two years	Two years	Two years	Two years	Two years	Two years
Attendance and performance related[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
Treasury shares	Treasury shares	Treasury shares	Treasury shares	Treasury shares	Treasury shares	Treasury shares	Shares to be issued for preference shares Treasury shares or shares to be issued for ordinary shares issued as a result of the conversion of preference shares	Shares to be issued for 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	12,000	/	/	99
640	6,575	84,584[6]	6,162[6]	7,189[6]	/	/	/	/

(4) Performance conditions applicable to the first half of 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 allocated shares: the indicators are net profit (loss)(Group share), cash flows from operations (excluding acquisitions), and the external indexes stated above.

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

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

Bonus shares (preference shares) granted during the 2015/2016 financial year to each corporate officer

Name of the corporate officer	Date of the plan	Number of shares allocated during the financial year (preference shares)	Value of the shares according to the method used for the consolidated financial statements (euros)	Acquisition date	Availability date
Thierry Hellin	04/02/2016	369	476,942	04/02/2018	04/02/2020
Patricia Damerval	04/02/2016	369	476,942	04/02/2018	04/02/2020
Martine Balouka-Vallette	04/02/2016	738	953,884	04/02/2018	04/02/2020

Bonus shares becoming available during the 2015/2016 financial year for each corporate officer

None.

Bonus shares (preference shares) granted in 2015/2016 to the top ten employee beneficiaries who are not corporate officers (general information)

605.

2.2.3 Other information and commitments

2.2.3.1 Loans and guarantees issued by Pierre et Vacances SA

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

2.2.3.2 Director investments in the capital of Pierre et Vacances SA

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

2.2.3.3 Privileged information – share transactions

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

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

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

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

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

Summary of transactions on the Company's shares referred to in Article L. 62118-2 of -the French Monetary and Financial Code(6) over the course of the last financial year

Person involved	Nature of the transactions	Number of shares	Transaction date
Patricia Damerval	Disposals	3,333	18/07/2016

2.2.3.4 Other shares giving access to the capital

None.

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

2.3 Risk management

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

2.3.1 Market risks

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

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

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

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

2.3.2 Specific risks relating to the group's activities

2.3.2.1. Risk linked to the seasonal nature of the tourism business

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

The activity of the residences and villages operated under the Pierre & Vacances and Maeva brands has a clear seasonal nature. It is based around two seasons, a winter season (November to April) and a summer season (May to October), resulting in a structural deficit for the first two quarters of the financial year. Rental revenue generated by these residences and villages in the first half of the 2015/2016 financial year represented only 42% of the annual rental revenue, while fixed operating expenses (including rents) were spread on a straight-line basis across the whole financial year.

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

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

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

2.3.2.2 Risk related to the cyclical nature of the property market

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

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

- using diversified sales formulae (non-commercial furnished property leasing (LMNP), commercial furnished property leasing (LMP) and Censi Bouvard, etc.) for French private investors, which help boost profit earned by the buyers of apartments in the residences thanks to tax incentives;
- expanding sales of Center Parcs cottages to private investors in Germany, the Netherlands and Belgium;
- the block sale of Center Parcs cottages in France to institutional investors;
- public-private partnerships to finance recreational infrastructure and facilities;
- diversification of its investors in geographic terms (British, German, Dutch and Spanish);
- a more flexible cost structure by using external companies for construction and architects' plans, and tightening cost controls on property developments (extending the scope of purchasing to the property business in order to obtain economies of scale).

2.3.2.3 Inventory risks

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

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

On average, 78% of developments are sold (see "Principal stock being marketed at 30 September 2016"). Therefore, there are very few unsold units. To sell the remaining units, the Group may decide, on an ad hoc basis, to offer certain benefits to the last few buyers (payment of notary fees, free Pierre & Vacances holidays, etc.) to close the deal.

2.3.2.4 Credit risk

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

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

In the tourism business, risk of non-payment by customers is low because most of the accommodation revenue is achieved by direct sales (79% for the 2015/2016 financial year), a marketing method in which payment for the service is made in advance of consumption.

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

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

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

2.3.2.5 Risk relating to rental commitments

The Pierre & Vacances-Center Parcs Group strategy is not to commit its own equity to ownership of the bricks and mortar of the holiday apartments and villages that it operates, so it sells these assets to individual or institutional investors. The sales are accompanied by lease-back agreements signed between the new owners and the Group tourism operating companies usually for between 9 and 15 years. The rents payable by the Group over the remainder of the leases amount to €2,094 million at 30 September 2016, i.e. €1,627 million discounted at a 6% rate (see Note 36 of the notes to the consolidated financial statements – Off-statement of financial position commitments).

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

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

  These rents are subject to indexation clauses corresponding in France to the rent reference index and in Spain to the consumer price index. At 30 September 2016, 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 24 villages operated under the **Center Parcs and Sunparks** brands are generally signed for periods of between 11.5 and 15 years, with the option of renewal. The rents are primarily comprised of a fixed element. They are subject to fixed (2.9%) or variable indexation in line with inflation or the rent reference index applicable in the country in which the assets are located, with, for seven Domaines, minimum and maximum rates usually between 1.75% and 3.75%, depending on the agreement for seven sites.

2.3.3 Legal risks

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

2.3.3.1 General risks

Property development

Risk relating to failure to obtain local government authorisations

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

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

Risk relating to construction defects

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

Risk relating to ownership of property assets

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

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

Tourism operations and management

Risks relating to tourism operations

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

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

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

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

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

2.3.3.2 Labour risks

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

2.3.3.3. Risks linked to damage to the brand name

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

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

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

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

2.3.3.4 Industrial and environmental risks

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

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

2.3.3.5 Description of ongoing disputes

The project to build a Center Parcs in the community of Roybon in Isère has been opposed by a number of associations (see Notes 12 and 40 of the appendix to the consolidated accounts). Opponents to this project filed appeals against prefectural decrees signed in October 2014 authorising the project in terms of the water law and the protected species law. On 22 November 2016, the Lyons Appeals Court decided to set a new date for the examination of the dispute over the Water Law and Protected Species decrees, i.e on 12 December 2016.

Beyond these procedures, as at 30 September 2016 and for the past 12 months, no governmental, legal or arbitration procedure (including all procedures of which the Group is aware that are suspended or from which it is threatened) presents, either individually or globally, a significant risk to the Group's finances or profitability.

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

The amount of provisions for disputes at 30 September 2016 is detailed in Note 17 – Provisions of the notes to the consolidated financial statements.

Property development

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

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

Operation and management of tourism activities

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

2.3.3.6 Risks of regulatory changes

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

2.3.3.7 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 2015/2016 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.

2.3.4 It risks

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

2.3.5 Major contracts

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

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

2.3.6 Risk of departure of key personnel

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

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

2.4 Chairman's report on the organisation of the Board of Directors and internal control procedures

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

At its meeting of 22 November 2016, the Board of Directors, which has been involved in preparing this report, approved its content, in accordance with the provisions of Article L. 225-37 of the French Commercial Code.

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

2.4.1.1 Choice of Corporate Governance Code

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

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

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

Proportion of independent directors Article 8.3 of the Code: At least one-third of directors of controlled entities should be independent.	Four directors can be considered as independent within the meaning of the AFEP-MEDEF Code. The Company believes, however, that Marc Pasture and Ralf Corsten are persons from outside the Group whose freedom of judgement is not compromised, despite the fact that they cannot be considered to be independent directors within the meaning of the AFEP-MEDEF Code.
Staggering of terms of office Article 13.2 of the Code: Terms of office should be staggered so as to avoid block renewals and to encourage the smooth re-election of directors.	The interplay between various cooptations and appointments over recent years has prevented the organisation of a staggered renewal of terms of office.
Proportion of independent directors within the Audit Committee Article 15.1 of the Code: At least two thirds of the directors on the Auditing Committee must be independent	*See above*, explanation on the proportion of independent directors, on the understanding that the Chairman of the Auditing Committee is an independent director.
Time-limit for inspection of the financial statements by the Audit Committee Article 15.3 of the Code: Enough time should be given for the Audit Committee to inspect the financial statements.	Since the members of the Audit Committee are non-residents, the Audit Committee meeting is, generally speaking, held on the eve of the Board of Directors' meeting. Members of the Audit Committee do, however, have access to all of the documents and disclosures required for them to perform their duties within deadlines allowing them to satisfactorily familiarise themselves with, and examine, such documents and disclosures.
Remuneration Committee Article 17.1 of the Code: It must be (i) composed mainly of independent directors and (ii) chaired by an independent director.	*See above*, explanation regarding the percentage of independent directors.
Remuneration of executive corporate officers Article 22 of the Code: Executive corporate officers shall retain a significant number of registered shares, to be set periodically by the Board of Directors, until the end of their term of office.	Gérard Brémond owns 39.83% of issued capital *via* his asset holdings.

2.4.1.2 Organisation of the Board of Directors

Composition of the Board of Directors

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

A summary table containing detailed information on the composition of the Board of Directors and a list of the terms of office held by Board members in other companies is given on pages 22 to 26 of the Registration Document.

The term of office of directors is three years. Each of the directors was re-elected or appointed until the end of the Shareholders' Ordinary Meeting to approve the financial statements for the financial year ending 30 September 2018.

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

On the date this Registration Document was filed, the Board of Directors had four female members, accounting for 30.76% of the directors.

The Board considers that it complies with law no. 2011-103 of 27 January 2011, which stipulates that the Board must be made up of at least 40% of women following the first Shareholders' Ordinary Meeting after 1 January 2017.

Internal regulations

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

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

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

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

Meetings of the Board of Directors

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

During the past financial year, the Board of Directors met ten times, with an overall attendance rate of 80.6%. 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 five times during the 2015/2016 financial year. In general, after the Board has reviewed and approved the minutes of the previous meeting's deliberations and decisions, the members discuss the items on the agenda. The discussions are organised and directed by the Chairman. He ensures that the Board examines all items on the agenda.

2.4.1.3 Missions and functioning of the Board of Directors and its specialist committees

Role of the Board of Directors

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

During the past financial year, the Board of Directors met ten times. In addition to examining the yearly and half-yearly financial statements and the usual examination of business activity and the results of the property development and tourism businesses, the main matters studied were property transactions, developments, corporate governance (distribution of attendance fees for directors, self-evaluation by the Board of Directors, renewal of the term of office for the Chairman and Chief Executive Officer), free grants of preference shares and refinancing of the Group's debt.

Functioning of the Board of Directors

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

In accordance with its Internal Regulations, the Board of Directors' agenda includes, once a year, an assessment of the Board's work and the operation of the Board is discussed. Note that in view of the company's size, the Board of Directors has not retained the AFEP-MEDEF measures concerning the assessment mechanism by an external consultant. In 2016, the annual assessment, which was carried out using a questionnaire, was discussed at the Board of Directors meeting of 22 November 2016. During this session, the directors expressed a very positive opinion of the organisation of the Board of Directors, as well as of the nature and scope of the information provided and of the quality of the discussions. So that directors could become better acquainted with the inner workings of the company, especially the men and women which comprise it, one-off meetings with key members of the management team will take place during future meetings of the Board of Directors.

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 authority of the Board of Directors which it does not replace, the Audit Committee is in particular responsible for monitoring the following issues:

- the process of preparing financial information;
- the efficiency of internal control and risk management systems;
- the auditing of the annual financial statements and consolidated financial statements by the Statutory Auditors;
- the independence of the Statutory Auditors.

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 2015/2016 financial year, the Audit Committee met twice (in December 2015 and May 2016), to examine the 2014/2015 financial statements and the half-yearly financial statements at 31 March 2016.

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 for calculating the remunerations of these executives after comparison with the practices observed in other companies;
- share options or bonus share grants;
- the appointment of directors and the appropriateness of renewing terms of office;
- and, generally, any question submitted to it by the Chairman or the Board of Directors regarding the remuneration of executives and the composition of the Board of Directors.

The Remuneration and Appointments Committee met once in the 2015/2016 financial year. At this meeting, the Committee worked on variable remuneration for eligible employees and on the allocation of preference shares as well as on the composition of the Board of Directors (renewals and appointments to be put before the Shareholders' Ordinary Meeting of 4 February 2016).

2.4.1.4 Powers of the executive management

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

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

Powers of the Chairman of the Board of Directors

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

Powers of the Chief Executive Officer

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

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

Detailed information on special procedures for the participation of shareholders in Shareholders' Ordinary Meetings is provided in the Company's articles of association (Section V – Shareholders' Ordinary Meetings) and is also summarised on page 216 of this Registration document.

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

2.4.3 Remuneration of the executive and non-executive corporate officers

The company selected the AFEP-MEDEF Code as its benchmark code. Within the context of the "Comply or Explain" rule laid down in Article 27.1 of the AFEP-MEDEF Code, the Company believes that its practices comply with the recommendations of said Code with the exception of the points mentioned on page 46 of this Registration document.

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

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

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

2.4.4 Internal control and risk management mechanisms

2.4.4.1 Objectives and procedure

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

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

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

This report describes the internal control procedures and organisation in force during the 2015/2016 financial year.

(7) The Chairman and Chief Executive Officer has no employment contract with S.I.T.I., nor with any of the Pierre & Vacances-Center Parcs Group companies.

2.4.2.2 Internal control procedures

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

Overview of procedures

Board of Directors

The Board of Directors has a two-fold responsibility:

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

Other decision-making bodies

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

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

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

Executive Management Committee

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

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

The Management Committees

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

Group Executive Committee (COMEX)

The Group Executive Committee has twenty members:

- Gérard Brémond, Chairman and Chief Executive Officer;
- Patricia Damerval, Deputy Chief Executive Officer;
- Thierry Hellin, Deputy Chief Executive Officer;
- Martine Balouka-Vallette, Chief Executive Officer, Tourism business;
- Bryce Arnaud-Battandier, Chief Executive Officer of maeva.com and La France du Nord au Sud;
- Eric Bleuze, Development Manager;
- Jean Chabert, Chief Executive Officer, Pierre & Vacances Développement;
- Paul Collinson, Head of Operational Innovation and Information Systems;
- Loïc Delboulbé, Group Head of Human Resources;
- Vanessa Diriart, Chief Executive Officer for Center Parcs France and Deputy Chief Executive Officer (Sales and Marketing) for Center Parcs Europe;
- Pascal Ferracci, Head of Finance, Group Operations and Services;
- Mark Haak Wegmann, Chief Executive Officer, Center Parcs Europe;
- Karim Malak, Deputy Chief Executive Officer, Adagio Aparthotels;
- Dominique Menigault, Chief Executive Officer of Pierre & Vacances Conseil Immobilier;
- Martin de Neuville, Head of Purchasing;
- Philippe Pagès, Head of Asset Management;
- José-Maria Pont, Chief Executive Officer, Pierre & Vacances Espagne;
- Pascale Roque, Chief Executive Officer, Pierre & Vacances Tourisme;
- Grégory Sion, Chief Executive Officer (Sales and Digital);
- Isabelle de Wavrechin, Chair and Chief Executive Officer, Worldwide Invest Management (W2-IM).

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

Tourism Committee

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

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

Development Committee

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

Adagio Development Committee

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

Property Development Committee

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

"Les Senioriales" Strategic Committee

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

Management Board and Supervisory Board of Center Parcs Europe

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

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

Corporate Departments

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

Their responsibilities include:

- to ensure that policies set at Group level are correctly implemented (financial, legal, sustainable development, purchases, human resources, etc.) within the Pierre & Vacances-Center Parcs Group's operational subsidiaries and departments;
- to implement joint action on behalf of the subsidiaries and departments, each one in its specialist area and in close liaison with the subsidiaries' and departments' own teams (e.g.: manage risks, draw up or approve contracts, record accounting transactions, draw up collective labour agreements, etc.);
- assisting operational managers, where required, in their respective areas of expertise.

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

Summary of delegation and internal control structure

This structure is based on:

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

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

Risk management

The main risks and the way they are covered are presented in paragraph 2.3 Risk management. Owing to the nature of its business, the Group mainly monitors risks related to the seasonal nature of its business, construction risks, and risks related to the stock of residences being marketed, receivables and rental commitments. The Group has implemented a market risk hedging and monitoring policy to manage its liquidity and interest rate risks.

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

The operational management teams of Center Parcs Europe and Pierre & Vacances Tourisme include operational security experts (water quality, fire prevention, etc.) and coordinate the hygiene and safety policy on the sites for all customers and employees, implementing all of the necessary actions (training, operational audits, crisis management). Group Internal Auditing, in partnership with the Legal Department, monitors the mapping of Group risks.

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

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

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

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

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

Organisation and role of the DGAF's finance departments

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

Finance Departments

Financial Strategy/Financing Department

This Department is organised into two segments:

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

This Department has two roles:

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

- **The Treasury and Financing Department**

This Department:

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

Finances, Operations and Services Department

This Department has five main segments:

- **The Group's Operational Finance Department (DFO)**
  - The Operational Finance Department leads and measures the economic performance of the Group's two business lines (Tourism and Property Development). It applies the financial objectives of the Group and of each business, checks and measures their achievement via the reporting system, and proposes any corrective action necessary. It is responsible for the budgeting process, business forecasts and medium-term operating profit (loss).
  - Generally, the Operational Finance Department assists operational departments on all financial matters (simulations, calculations, pricing policy, specific actions, etc.) and ensures the synthesis of the Group's financial performance. It takes part in the Tourism division's monthly Business Reviews, which are attended by the DGAF, Operational Finance Department, the Business Lines and the Sales Executive Management, in addition to the Executive Management of the Tourism division.

- The DFO also advises on development issues (business plans, profitability simulations on new and renovated property programmes) and on the renewal or creation of leasing formulae or on the reorganisation and rationalisation of the operating businesses.
- The Operational Finance Department actively participates in designing and implementing new front- and back-office tools.

◆ **The Accounting Department**

- The Accounting Department ensures the Group's accounting rules are correctly applied throughout the Group. Checks on the production of accounting information are made at the level of each "organisational sub-group" by teams working in close collaboration with the management control department. Checks take place at each residence/village, then at each brand name level across the Group, as well as at the level of each legal entity. Reporting takes place quarterly on the operations of the Pierre & Vacances brand, and monthly for the Center Parcs and Adagio brands.
- In addition to its role in producing accounts (the accounting tool is SAP across the Group, except for LFNS acquired in the course of fiscal year), coordinating and checking accounting applications and procedures, the accounting function's role is to support operational managers in providing financial information. It also takes part in implementing administrative and sales IT tools.
- To better meet the requirements of the Operational Departments, the Accounting Department is split into two parts: an Accounting Department for the Tourism business and Holding companies and an Accounting Department for the Property Development business:
  - **the Accounting Department for the Tourism business and Holding** companies is composed of (i) a Paris-based team which supports the Tourism France Business Line (Pierre & Vacances, Maeva and Adagio brands) and the Center Parcs business in France, (ii) a team based in the Netherlands, in Kempervennen, which is responsible for the Center Parcs business in Belgium, the Netherlands and Germany, and (iii) a team based in Barcelona, providing financial monitoring of the Tourism business in Spain. These teams monitor commercial activity (price, volume, channels, etc.) alongside the Chief Executive Officer (Sales and Digital) for the business lines Pierre & Vacances, Maeva, Adagio and Center Parcs Europe. In the three countries, the teams are organised around supplier, client, recovery and general accounting flows (including tax declarations, bank flows and flows concerning fixed assets).

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

    Sales administration is responsible for invoicing, collection, payment reminders, customer account management, prevention and management of customer risks, management of disputes and processing refund claims for direct customers (call centres, Internet, etc.) and indirect customers (tour operators, travel agents, works councils, etc.). Sales administration is also responsible for keeping accounts for sales made at the various sites (management of cash received and reminders);
  - the **Accounting Department for the Property Development** business is the contact for each Programme Director for the financial monitoring of the projects (spending commitments, property margin, etc.).

◆ **The Tax Department**

The Tax Department:

- supervises and coordinates the Group's specific tax policies in each of the countries in which the Group operates (France, the Netherlands, Germany, Belgium, Italy and Spain);
- is directly responsible for the Group's tax consolidation in France;
- functionally supervises the work of the teams of the Accounting Department of the Tourism and Holding entities which oversee the tax entities located in the Netherlands, Germany and Belgium;
- advises and assists the operating departments in all issues relating to tax law.

◆ **The Group Transformation Department – Financial Systems/ERP (DTSF)**

- The DTSF provides project management assistance for the Group's financial business lines. It assesses the needs of the operational and financial departments in terms of information systems and works with the Operational Innovation and Information Systems Department (which reports to the Group's General Tourism Department) to implement the tools required.
- The DTSF is working to make the reporting tools and systems consistent within the various Business Lines. The implementation of an ERP (SAP) in 2012 was one of the first key stages of this strategy.

◆ **The Consolidation Department,** which is responsible for preparing, analysing and publishing the Group's consolidated financial statements (financial and management accounts).

The Development Department

This Department is responsible for:

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

The Strategic Planning Department

This Department:

- Coordinates all of the development projects for Center Parcs in Europe. This function covers the development strategy, market analysis, business plans, the structuring of financing (equity/debt – in partnership with the Financing Department) for new Center Parcs projects in Belgium, the Netherlands and Germany, as well as the coordination of scheduling by the Project Committees.
- Approaches potential investors for the financing of international development projects.

Portfolio Management Department

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

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

This department works in three areas:

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

Group Internal Audit Department

- This Department, which reports to the DGAF, was set up during the 2009/2010 financial year to make the internal control mechanisms more efficient.
- It works with the Group's various business segments, as part of an annual audit plan and via one-off missions at the request of the Group Executive Management. The tasks and themes dealt with may affect all of the Group's businesses and subsidiaries.
- The Operational Finance Department actively participates with the Group Internal Auditing and Operating Control in financial audit tasks, but also social and regulatory audits of tourism operations related to holiday residences. These audits are mainly carried out on the operating sites (residences or villages from all the brands).

  In addition, the Operational Finance Department issues and distributes procedures aimed at limiting the risks of financial losses on-site. The main aim of the on-site audit missions is to ensure that procedures are correctly applied, but also, working closely with the Human Resources Department, to ensure that social obligations and labour laws concerning advertising, keeping of registers, etc. are correctly applied.
- The main areas of risk covered by the internal audit are:
  - ensuring that revenue generated on-site is reported correctly and is optimised. It verifies that services provided have been invoiced correctly. Checks are also made on the correct application of pricing terms and justification of any discounts given. Finally, revenue deletions and reimbursements are traced and analysed;
  - the security of property and financial assets. As such, the audit verifies in particular that proper security procedures are deployed on each site to protect cash receipts and deposits. Checks are also made on bank deposits to ensure their accuracy and consistency;
  - collection and level of payments outstanding from customers. To ensure optimum recovery, many points are examined: production and strict enforcement of standardised contracts for the groups and seminars, reminders to debtors according to the deadlines given, collection of guarantee deposits, proper recording of client addresses;
  - purchasing flows; approval of suppliers as part of the Group's common purchasing policy and its application. The validation of order forms, receipts and payment authorisations also receives particular attention during these audits.
- The sites audited are either selected by Group Internal Audit at random or according to their profile (holiday villages have greater risk exposure than small residences) or in response to specific requests from Executive Management. A strengthened programme is in place for the Center Parcs villages, given their particular business volume: performance of a complete audit every two years followed by a re-audit in six months, as well as an "unannounced inspection" from the Group Internal Auditing Department, or a specialised company; these visits may be of a preventive nature or take place in response to suspicions of fraud.
- Group Internal Audit also carries out audits on specific subjects (application of ISO 14001 environmental management standard, compliance with procedures, etc.).
- At the end of each audit assignment, audit reports are drawn up and submitted to the audited sites, to Executive Management and to the external auditors for the larger sites. An action plan is drawn up in collaboration with the site managers concerned and follow-up assessments are performed within a maximum of six months of the initial audit to ensure that the report's recommendations have been applied.
- Theft and fraud prevention procedures have been put in place. These procedures include, for the Center Parcs villages, a quarterly self-assessment questionnaire for each village covering the key control indicators. Visits by the Internal Audit Department to villages also allow them to check whether these questionnaires are accurate.

Reporting system

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

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

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

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

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

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

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

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

Financial year ending 30 September 2016

To the Shareholders,

As the Statutory Auditors of Pierre et Vacances and pursuant to the provisions of Article L. 225-235 of the French Commercial Code, we present our report on the report prepared by the Chairman of your company in accordance with the provisions of Article L. 225-37 of the French Commercial Code for the financial year ended 30 September 2016.

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

It is our responsibility to:

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

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

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

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

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

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

Other information

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

Neuilly-sur-Seine and Paris-La Défense, 13 December 2016

The Statutory Auditors

GRANT THONTON	ERNST & YOUNG et Autres
French member of Grant Thornton International	
Virginie Palethorpe	Bruno Bizet

2.6 Statutory Auditors' special report on regulated agreements and commitments

Financial year ending 30 September 2016

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 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 year.

Neuilly-sur-Seine and Paris-La Défense, 13 December 2016

The Statutory Auditors

GRANT THORNTON	ERNST & YOUNG et Autres
French member of Grant Thornton International	
Virginie Palethorpe	Bruno Bizet


Pierre & Vacances – Résidence premium L'Amara Avoriaz (France)

3

Comments
on the financial year

3.1 Comments on the consolidated financial statements

3.1.1 Significant events

Significant events of FY 2015/2016 are described in Part 4 of the Registration Document, Note 2 to the consolidated financial statements, page 99.

3.1.2 Results of activities

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. IFRS income statement reconciliations are shown in section 3.1.2.3.

3.1.2.1 Group revenue

Group revenue for the full financial year (1 October 2015 to 30 September 2016) was €1,424.2 million.

(in € millions)	2015/2016	2014/2015	Change	Change at constant scope*	Change excluding offering effects**
Tourism business	**1,253.4**	**1,180.7**	**+6.2%**	**+5.0%**	
Pierre & Vacances Tourisme Europe(1)	609.4	594.5	+2.5%	+0.3%	
Center Parcs Europe(2)	644.0	586.2	+9.9%		
of which rental revenue	***811.4***	***779.9***	***+4.0%***		***+2.5%***
Excluding Adagio			***+6.6%***		***+5.1%***
Pierre & Vacances Tourisme Europe	*392.5*	*401.6*	*-2.3%*		*+0.3%*
Excluding Adagio			***+0.3%***		***+5.8%***
Center Parcs Europe	*419.0*	*378.3*	*+10.8%*		*+4.7%*
Property development	**170.8**	**255.6**	**-33.2%**		
TOTAL, FINANCIAL YEAR	**1,424.2**	**1,436.3**	**-0.8%**	**-1.7%**	

(1) Pierre & Vacances Tourisme Europe includes the Pierre & Vacances, Aparthotels Adagio® and Maeva brands.
(2) Center Parcs Europe houses the Center Parcs and Sunparks brands.
** Restated for the impact of the acquisition, on 13 April 2016, of "La France du Nord au Sud".*
*** Restated for the impact on rental revenue:*
- of the net reduction of the operating portfolio for the PVTE segment, due to the non-renewal of leases and the withdrawal from loss-making sites;
- of the opening of the Domaine Center Parcs du Bois aux Daims (from July 2015).

Revenue from the tourism business totalled €1,253.4 million, up 6.2% (+5.0% at constant scope) on the previous financial year, in a country severely affected by terrorist threats and attacks.

Rental revenue increased by 4.0% (versus +2.2% in 2014/2015) due to a rise in average net selling rates (+2.9%) and the number of nights sold (+1.1%). Adjusted for offering effects and Adagio, the business grew by 5.1%.

International customers accounted for 54% of the Group's rental revenue, up 3.4% compared with the previous financial year (compared with a 4.8% rise for French customers).

- **Pierre & Vacances Tourisme Europe** generated revenue of €609.4 million, including €392.5 million in rental revenue.

  All destinations apart from city residences reported growth, with an increase of 5.8% excluding offering effects: seaside resorts saw an increase of 4.9%, mainly driven by Spanish properties, while mountain resorts grew by 6.6% and the French West Indies by 10.3%. Sales of city residences suffered during the period due to the impact of the terrorist attacks in Paris and Brussels (6.7% fall in revenue across the entire brand).

- **Center Parcs Europe** generated turnover of €644.0 million, including €419.0 million in rental revenue, up 4.7% excluding the Domaine du Bois aux Daims (which contributed €22.8 million to rental revenue). This growth was driven by the Center Parcs domains located in the Netherlands, Germany and Belgium (+6.8%) and slight growth in the French domains (+0.5%).

  Ancillary revenue rose by 10.3%, benefiting in particular from the integration of the "La France du Nord au Sud" business (€15.2 million for the period). At constant scope, growth stood at **6.8%,** with a solid performance of the leisure and catering businesses at the Domaines Center Parcs and of the Pierre & Vacances marketing mandates.

Property development revenue amounted to €170.8 million, in line with forecasts linked to the scheduling of property development programmes.

This is largely the result of the contribution from Villages Nature Paris (€20.6 million), the sale of the Manilva site to Eurosic (€20.3 million), the expansion of the Domaine des Trois Forêts in Moselle-Lorraine (€15.4 million), and the Senioriales residences (€64.2 million). In 2014/2015, property development revenue included a significant contribution of €110 million from the Center Parcs Domaine du Bois aux Daims, delivered in July 2015.

Property reservations recorded during the period from private investors generated revenue of €329 million (1,491 units), significantly higher than in the previous year (€218 million for 1,109 units). This was boosted by the success of Villages Nature Paris, as well as the growth in sales to private individuals of Center Parcs cottages in the Dutch and German markets.

3

Tourism Business

Key indicators

(in € millions)	2015/2016	2014/2015	Change
Revenue	**1,253.4**	**1,180.7**	**+6.2%**
rentals	811.4	779.9	+4.0%
ancillaries(1)	442.0	400.8	+10.3%
Average Net Letting Rate (ALR)(2) *(in €)*	**647**	**629**	**+2.9%**
No. of weeks sold	**1,253,787**	**1,240,604**	**+1.1%**
Occupancy rate	**71.1%**	**71.4%**	**-0.5%**

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

- **Average net letting rates** were up 2.9%. The rate increases concerned both Center Parcs Europe (5.5%) and Pierre & Vacances Tourisme Europe destinations, excluding city residences (2.5%).
- the **number of weeks sold** rose by 1.1%, driven by the increase in the number of nights sold in the Domaines Center Parcs Europe (+5.0%), while Pierre & Vacances Tourisme Europe saw a reduction in the number of nights sold (-2.0%) due to a decline in marketed stock (with a 1.9% fall in the number of weeks offered).

Characteristics of the holiday residence portfolio operated (leased or under management) at 30 September

(number of apartments)	2015/2016	2014/2015	Change
Pierre & Vacances Tourisme Europe	**29,719**	**30,722**	**-1,003**
o/w Pierre & Vacances (excluding premium label) France	14,238	15,729	-1,491
o/w Pierre & Vacances premium France	2,717	2,744	-27
o/w Pierre & Vacances Spain	3,053	2,177	+876
o/w Maeva	523	1,050	-527
o/w Adagio and Adagio Access	9,188	9,022	+166
Center Parcs Europe	**15,404**	**15,498**	**-94**
o/w Center Parcs	13,701	13,750	-49
o/w Sunparks	1,703	1,748	-45
TOTAL	**45,123**	**46,220**	**-1,097**

The holiday residence portfolio managed by the Group at 30 September 2016 fell by almost 1,100 apartments compared with 30 September 2015. This reduction is mainly due to:

- withdrawals from Pierre & Vacances (192 apartments) and Maeva (388 apartments) residences at the end of their lease;
- losses of leases on the Pierre & Vacances (1,395 apartments) and Maeva (139 apartments) brands;
- this offset the impact of five new residences in Spain (876 apartments), two new city residences (160 apartments) and the new Pierre & Vacances residence in Colmar (96 new apartments).

Breakdown of Group rental revenue by customer origin

	Pierre & Vacances Tourisme Europe		Center Parcs Europe		Total	
	2015/2016	2014/2015	2015/2016	2014/2015	2015/2016	2014/2015
France	61.6%	59.5%	31.8%	29.2%	46.2%	44.8%
The Netherlands	3.6%	7.0%	24.3%	25.6%	14.3%	16.1%
Germany	3.1%	2.9%	24.5%	25.5%	14.1%	13.9%
Belgium	3.3%	3.1%	12.9%	13.4%	8.3%	8.1%
UK	7.0%	5.4%	2.6%	2.6%	4.8%	4.0%
Spain	3.9%	2.8%	0.0%	0.0%	1.9%	1.4%
Switzerland	2.0%	2.2%	ND*	ND*	ND*	ND*
Italy	1.5%	1.9%	0.0%	0.0%	0.7%	1.0%
Scandinavia	1.5%	1.3%	0.4%	0.4%	1.0%	0.9%
Russia & Eastern European Countries	1.2%	1.1%	ND*	ND*	ND*	ND*
Other	11.3%	12.8%	3.5%	3.3%	8.7%	9.8%

* *Not determined.*

The majority of the Group's rental revenue is generated by foreign customers (53.8%), including Dutch (14.3%), German (14.1%) and Belgian (8.3%) customers, mainly due to the presence of Center Parcs Europe in the Netherlands (8 villages), Germany (5 villages) and Belgium (6 villages, including 4 Sunparks).

Analysis of revenue by resort/country

Pierre & Vacances Tourisme Europe

Pierre & Vacances Tourisme Europe generated revenue of €609.4 million, including rental revenue of €392.5 million, down 2.3% on the previous financial year (but up 5.8% when restated for offering effects and lettings of city residences, significantly impacted by terrorist attacks and threats in France during the last financial year).

This change, at constant scope, is due to:

- a drop in the number of nights sold (2.0%), in the context of an offer which fell by 1.9%. The occupancy rate stands at 69.4%, down 1.3% compared with the previous financial year (70.3%). This change is due to city residences (-4.5%), the occupancy rate across all other destinations climbing slightly (+0.3%);
- average net letting rates that are virtually unchanged (-0.3%), at €574 per week. The average net letting rate for city residences is down 4.9%, but up 2.5% for seaside and mountain resorts.

Online sales rose overall by 5.5%, accounting for 47% of the business segment's accommodation revenue, compared with 44% the previous financial year. Direct sales made on the Group's websites were up 1.8%, accounting for 19.8% of sales (compared with 19% in 2014/2015).

Change

Number of apartments	2015/2016	2014/2015	Change
Seaside resorts	14,012	14,798	-786
Mountain resorts	5,668	6,051	-383
French West Indies	851	851	0
City residences	9,188	9,022	+166
TOTAL	**29,719**	**30,722**	**-1,003**

Rental revenue *(in € millions)*	2015/2016	2014/2015	Change	Change excluding offering effects
Seaside resorts	152.9	152.5	+0.2%	+4.9%
Mountain resorts	85.4	86.3	-1.0%	+6.6%
French West Indies	14.4	13.1	+10.3%	+10.3%
Change excluding cities			***+0.3%***	***+5.8%***
City residences	139.7	149.7	-6.7%	-8.3%
TOTAL	**392.4**	**401.6**	**-2.3%**	**+0.3%**

Average net letting rates (for a week's rental) *(in € before VAT)*	2015/2016	2014/2015	Change
Seaside resorts	540	532	+1.5%
Mountain resorts	824	789	+4.5%
French West Indies	702	650	+7.9%
Change excluding cities			***+2.5%***
City residences	506	532	-4.9%
TOTAL	**574**	**576**	**-0.3%**

	Number of weeks sold			Occupancy rate		
	2015/2016	2014/2015	Change	2015/2016	2014/2015	Change
Seaside resorts	283,220	286,734	-1.2%	63.5%	63.5%	+0.0%
Mountain resorts	103,572	109,336	-5.3%	80.5%	79.0%	+1.8%
French West Indies	20,587	20,154	+2.1%	61.7%	60.8%	+1.4%
Change excluding cities			***-2.1%***			***+0.3%***
City residences	276,091	281,232	-1.8%	73.6%	77.0%	-4.5%
TOTAL	**683,471**	**697,456**	**-2.0%**	**69.4%**	**70.3%**	**-1.3%**

Center Parcs Europe

Center Parcs Europe generated revenue of €644.0 million, including €419.0 in rental revenue, up 10.8% (up 4.7% excluding the Domaine du Bois aux Daims village).

The growth in rental revenue was due to:

- a 5.0% rise in the number of nights sold, in the context of an offer which rose by 4.6%. The occupancy rate stands at 73.4%, up 0.4% compared with the previous financial year (73.1%);
- a rise in average net letting rates of 5.5%, at €735 per week.

Online sales accounted for 59% of the business segment's rental revenue, up 16.0%, mainly due to direct sales (+12.4%).

Change

Number of apartments	2015/2016	2014/2015	Change
The Netherlands	5,372	5,373	-1
France	4,204	4,244	-40
Belgium	3,029	3,074	-45
Germany	2,799	2,807	-8
TOTAL	**15,404**	**15,498**	**-94**

Rental revenue *(in € millions)*	2015/2016	2014/2015	Change
The Netherlands	133.0	124.3	+7.0%
France	149.1	125.7	+18.7%
Belgium	68.6	65.4	+4.8%
Germany	68.3	62.8	+8.7%
TOTAL	**419.0**	**378.3**	**+10.8%**

Average net letting rates (for a week's rental) *(in € before VAT)*	2015/2016	2014/2015	Change
The Netherlands	664	626	+5.9%
France	961	910	+4.7%
Belgium	639	635	+0.6%
Germany	637	608	+5.6%
TOTAL	**735**	**696**	**+5.5%**

	Number of weeks sold			Occupancy rate		
	2015/2016	2014/2015	Change	2015/2016	2014/2015	Change
The Netherlands	200,419	198,505	+1.0%	74.6%	73.5%	+1.5%
France	155,221	138,141	+12.4%	73.9%	75.7%	-2.4%
Belgium	107,414	103,130	+4.2%	69.1%	70.1%	-1.4%
Germany	107,263	103,371	+3.8%	75.1%	72.2%	+4.0%
TOTAL	**570,317**	**543,147**	**+5.0%**	**73.4%**	**73.1%**	**+0.4%**

Property Development

Breakdown of 2015/2016 property development revenue by programme type

(in € millions)	30/09/2016	30/09/2015
New programmes (excluding Les Senioriales)	**76.8**	**182.2**
Villages Nature Paris	20.6	24.1
Pierre & Vacances Manilva (Spain)	20.3	1.9
Center Parcs Domaine des Trois Forêts – Expansion	15.4	0.0
Center Parcs Domaine du Bois aux Daims (Vienne)	8.0	109.5
Pierre & Vacances premium Deauville	5.5	2.7
Pierre & Vacances premium Flaine	3.8	14.2
Pierre & Vacances premium Colmar	3.2	6.0
Center Parcs Bostalsee	0.0	14.2
Pierre & Vacances Avoriaz	0.0	5.1
Adagio Access Nancy	0.0	2.9
Other	0.0	1.6
New Les Senioriales programmes	**64.2**	**54.0**
Renovation programmes	**1.0**	**2.4**
Other	**28.8**	**17.0**

Revenue from new programmes (including Les Senioriales) was €141.0 million compared with €236.2 million in 2014/2015. This result was due in particular to:

- Villages Nature Paris, with the first phase of 916 apartments and houses (of which a block of 783 were sold to a company owned by EUROSIC, PVCP and EURO DISNEY and are in the process of being sold on to private investors). The accommodation is scheduled for delivery in summer 2017;
- the block sale to the Eurosic Group of the Pierre & Vacances residence in Manilva, Spain;
- the expansion of Center Parcs des Trois Forêts in Moselle with 163 new cottages, sold off-plan to the MACSF Group in March 2016. The cottages are scheduled for delivery in summer 2017;
- Center Parcs Domaine du Bois aux Daims in Vienne, which opened to the public in July 2015;
- the Pierre & Vacances premium programme in Deauville, delivery of which is scheduled for December 2017;
- Les Senioriales, notably with five programmes delivered during the financial year (Castanet Tolosan, Cenon, Manosque, Emerainville and Vias).

Revenue from renovation programmes totalled €1.0 million in 2015/2016, mainly resulting from the renovation of the Domaine Center Parcs des Hauts de Bruyères in Sologne.

"Other" revenue stood at €28.8 million for the financial year. This is mainly composed of (i) non-Group marketing fees for Villages Nature Paris programmes in France, (ii) fees for the renovation on behalf of institutional investors of Center Parcs in the Netherlands, Belgium and Germany, as well as (iii) reversals of cost-sharing contributions for property programmes already delivered.

Deliveries in the 2015/2016 financial year

	New (N) Renovation (R)	No. of accommodation units 2015/2016	No. of accommodation units 2014/2015
Flaine	N	0	119
TOTAL MOUNTAIN RESORTS		**0**	**119**
Vienne – Cottages	N	0	980
TOTAL CENTER PARCS FRANCE		**0**	**980**
Nancy	N	0	110
Colmar	N	96	0
TOTAL ADAGIO		**96**	**110**
Castanet Tolosan	N	79	0
Manosque	N	76	0
Cenon	N	82	0
Emerainville	N	141	0
Vias	N	61	0
Izon	N	0	79
Cavillargues	N	0	47
Le Boulou	N	0	53
TOTAL LES SENIORIALES		**439**	**179**
GRAND TOTAL		**535**	**1,388**

Property reservations including VAT

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 €760.5 million, corresponding to 2,987 reservations, compared with €327.3 million (1,584 reservations) in 2014/2015.

This revenue includes:

- €356.5 million from the block sale of cottages (1,000 accommodation units) in the framework of the new Center Parcs in Allgaü, Germany (Baden-Württemberg) to Eurosic (750 units) and La Française (250 cottages);
- €54.8 million from the block sale of renovated cottages (330 accommodation units) at Port Zélande in the Netherlands to a consortium of investors led by the Atream Group;
- €20.3 million from the sale to the Eurosic Group of the Pierre & Vacances residence in Manilva, Spain (166 accommodation units).

Excluding block sales, reservations were worth €328.9 million, corresponding to 1,491 units reserved, compared with €217.9 million (1,109 units) in 2014/2015.

Reservations in the 2015/2016 financial year

	2015/2016	2014/2015	Change
Property reservations excluding block sales			
New			
Reservations *(in € millions)*	187.9	105.6	77.9%
Number of apartments	681	412	65.3%
Average price *(in € thousands)*	275.9	256.3	7.7%
Re-sales[1]			
Reservations *(in € millions)*	50.8	40.3	26.1%
Number of apartments	377	314	20.1%
Average price *(in € thousands)*	134.7	128.3	4.9%
Les Senioriales			
Reservations *(in € millions)*	90.2	72.0	25.3%
Number of apartments	433	383	13.1%
Average price *(in € thousands)*	208.4	188.0	10.8%
TOTAL EXCLUDING BLOCK SALES			
Reservations *(in € millions)*	**328.9**	**217.9**	**50.9%**
Number of apartments	**1,491**	**1,109**	**34.4%**
Average price *(in € thousands)*	**220.6**	**196.5**	**12.3%**
Property reservations – block sales			
Reservations *(in € millions)*	431.6	109.4	295%
Number of apartments	1,496	475	215%
Average price *(in € thousands)*	288.5	230.3	25.3%
TOTAL			
RESERVATIONS *(in € millions)*	760.5	327.3	132%
NUMBER OF APARTMENTS	**2,987**	**1,584**	**88.6%**
AVERAGE PRICE *(in € thousands)*	254.6	206.6	23.2%

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

Principal stock of apartments marketed at 30 September 2016

Programmes	New/Renovation	Delivery date	No. of units	% reserved
Excluding third-party marketing				
Deauville Presqu'île de la Touques	N	December 2017	133	37%
Méribel	N	December 2019	95	24%
CP Sologne	R	June 2012	168	100%
CP Vienne	N	December 2014	980	99%
Villages Nature Paris 1	N	June 2017	787	74%
Les Senioriales			2,122	74%
Third-party marketing				
Port Zelande	R		554	100%
Vielsalm	R		350	74%
Nordseeküste	R		345	34%
TOTAL GROUP			**5,534**	**78%**

3.1.2.2 Group income

Current operating profit (loss)

Current operating profit totalled €32.4 million over FY 2015/2016, up 52% on the previous financial year. EBITDA was €80.8 million, an increase of 20.3%.

(in € millions)	2015/2016	2014/2015 restated(1)
EBITDA(2)	80.8	67.1
Depreciation, amortisation and provisions net of write-backs	-48.4	-45.8
CURRENT OPERATING PROFIT (LOSS)	**+32.4**	**+21.3**
Operating margin	+2.3%	+1.5%

(1) Restated for the impact of IFRIC 21 on the public broadcasting contribution paid by the Group (+€0.1 million on profit).
(2) EBITDA = earnings before interest, taxes, depreciation and amortisation.

Operating profit (loss) from Tourism

	Tourism business	
(in € millions)	2015/2016	2014/2015 restated*
Revenue	1,253.4	1,180.7
CURRENT OPERATING PROFIT (LOSS)	**+25.1**	**+6.2**
Operating margin	+2.0%	+0.5%

* *Restated for the impact of IFRIC 21 on the public broadcasting contribution paid by the Group (+€0.1 million on profit).*

Current operating profit from the tourism business stood at €25.1 million, significantly higher (+€19 million) than in the previous financial year.

This mainly reflects the growth of the business excluding offering effects (+€17 million), the positive impact on the net contribution of the reduction in Pierre & Vacances Tourisme Europe stocks due to lease renewals (+€7 million), and the operation/annualisation of new residences and Domaines (+€4 million). These gains more than offset the impact of inflation on expenses (estimated at -€9 million).

Operating profit (loss) from property development activities

	Property development	
(in € millions)	2015/2016	2014/2015
Revenue	170.8	255.6
CURRENT OPERATING PROFIT (LOSS)	**7.3**	**15.1**
Operating margin	4.3%	5.9%

Operating profit from property development activities stood at €7.3 million (compared with €15.1 million in 2014/2015), in line with the revenue trend.

It generated a margin of 6% of revenue, restated for the impact of the sale of the Pierre & Vacances residence in Manilva, Spain, for €20.3 million to the Eurosic Group, which resulted in a capital loss on disposal of €1.7 million.

Net profit (loss)

(in € millions)	2015/2016	2014/2015[1]
Revenue	1,424.2	1,436.3
Current operating profit (loss)	**32.4**	**21.3**
Financial income (expense)	-18.8	-18.3
Current profit (loss) before taxes	**13.6**	**3.0**
Other operating income/expenses net of tax	-6.1	-3.8
Of which cost of early repayment of bank debt	*-1.1*	
Share of net income (loss) of equity-accounted investments	0.6	0.3
Taxes	-9.8	-12.1
PROFIT (LOSS) FOR THE YEAR BEFORE CHANGE IN THE ORNANE FAIR VALUE	**-1.8**	**-12.6**
Change in the ORNANE fair value	-5.7	1.2
Net profit (loss)	**-7.5**	**-11.4**
Attributable to owners of the Company	*-7.4*	*-11.5*
Non controlling interests	*-0.1*	*0.1*

(1) Restated for the impact of IFRIC 21 on the public broadcasting contribution paid by the Group (+€0.1 million on profit).

Other expenses and income net of taxes mainly include the following non-recurring items:

- €4.3 million in restructuring costs and closure costs from loss-making sites;
- €1.1 million in costs linked to the early repayment of the syndicated loan arranged in February 2014.

Before the change in fair value of the ORNANE share allotment right (expense of €5.7 million), **the net loss was €1.8 million, an improvement of 86%** compared with the previous financial year (-€12.6 million).

3.1.2.3 Reconciliation table – IFRS income statements

(Euro millions)	FY 2015/2016 operating reporting	Change in the fair value of ORNANE	Cost of early redemption of the syndicated loan	Tax on other operating income/expense	Adjustments IFRS 11	FY 2015/2016 IFRS
Revenue	1,424.2				-51.6	1,372.6
Current operating income	**32.4**				**+9.5**	**41.9**
Other operating income/expense	-6.1		+1.1	-0.2	+0.8	-4.4 (1)
Financial items	-18.8	-5.7	-1.1		-0.1	-25.8
Share of net profit in joint-ventures	0.6				-6.1	-5.5
Taxes	-9.8			+0.2	-4.1	-13.7
Change in the fair value of ORNANE	-5.7	+5.7				(2)
NET INCOME	**-7.5**	**0.0**	**0.0**	**0.0**	**0.0**	**-7.5**

(1) Gross of tax.
(2) The change in the fair value of ORNANE is included in the IFRS financial result.

(Euro millions)	FY 2014/2015 operating reporting	Change in the fair value of ORNANE	Tax on other operating income/expense	Adjustments IFRS 11	FY 2014/2015 IFRS
Revenue	1,436.3			-53.8	1,382.5
Current operating income	**21.3**			**-5.1**	**16.2**
Other operating income/expense	-3.8		-1.6		-5.4 (1)
Financial items	-18.3	+1.2		+0.2	-16.9
Share of net profit in joint-ventures	0.3			+2.8	3.1
Taxes	-12.1		+1.6	+2.1	-8.4
Change in the fair value of ORNANE	1.2	-1.2			(2)
NET INCOME	**-11.4**	**0.0**	**0.0**	**0.0**	**-11.4**

NB: 2014/2015 P&L is adjusted for the impact of the IFRIC 21 interpretation on the audiovisual licence fee paid by the Group (+€0.1m on earnings).
(1) Gross of tax.
(2) The change in the fair value of ORNANE is included in the IFRS financial result.

3.1.3 Investments and financial structure

3.1.3.1 Change in the structure of the statement of financial position

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

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

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

Ownership of these assets is a guarantee of the Group's long-term management of the sites concerned. However, it should be noted that, for Center Parcs, the leases entered into with institutional investors are "triple net" leases: the Group is responsible for investment in central facilities and cottages.

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

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

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

- the capital required to fund each new residence is equivalent to around 10% of the cost price before VAT;

- bridging loans are set up for each transaction;
- the relative size of working capital requirement items on the statement of financial position (accounts receivable, work in progress, deferred income and prepayments) is significant.

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

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

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

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

Properties leased by the Group consist of the registered office in Paris, for which the Group pays a total annual rent of around €7 million.

The cash flows generated by the Group's business in 2015/2016 helped to further improve its financial position. At 30 September 2016, the net bank debt to equity ratio was 27%, compared with 34% the previous financial year.

3

3.1.3.2 Main cash flows

Summary statement of cash flows

(in € millions)	2015/2016	2014/2015 restated[1]
Cash flows (after interest and tax)	+51.6	+32.7
Change in working capital requirements	-7.9	+48.2
Cash flow from operating activities	**+43.6**	**+80.9**
Net operational investment spending	-29.7	-29.3
Net financial investment	-3.4	-2.6
Cash flow from investment activities	**-33.1**	**-31.9**
Operational cash flows	**+10.5**	**+49.0**
PV SA capital increase	+22.4	
Acquisitions and disposals of treasury shares	+0.1	+0.1
Dividends paid	-0.1	-0.8
Change in loans and other borrowings	+14.8	-8.8
Cash flow from financing activities	**+37.2**	**-9.5**
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**+47.8**	**+39.5**

(1) Restated for the impact of IFRIC 21 on the public broadcasting contribution paid by the Group.

The Group's tourism and property development businesses generated €43.6 million in cash during the 2015/2016 financial year.

This is mainly due to:

- **an increase in cash flows** (€51.6 million compared with €32.7 million in 2014/2015), mainly due to an improvement in operational performance of the tourism business;
- **the cash requirement from the change in working capital requirement** (-€7.9 million), mainly linked to the property development business (increase in costs for the Center Parcs Allgäu (Germany) property programme before collection of sales prices from Eurosic and La Française in October 2016).

Net cash flow from investing activities was -€33.1 million and mainly included:

- **net investments of €21.4 million in sites as part of tourism business operations,** including:
  - €14.1 million of net investment for the renovation and improvement of the product mix for all Center Parcs Europe villages, including an investment of €7.3 million in Dutch villages, €2.7 million in Belgian villages, €2.3 million in French villages and €1.8 million in German villages,
  - €7.3 million of net investment in residences and villages operated under the Pierre & Vacances Tourisme Europe brand, including €4.4 million in residences and villages in France, €2.4 million to renovate villages in Spain, and €0.5 million in residences in Martinique and Guadeloupe;
- **investments** in IT systems (technical and functional improvements) in the amount of €9.3 million (websites, CRM, maeva.com), net of €1.8 million in cash generated from the sale of certain IT assets (booking software);
- **the investment in the acquisition of "La France du Nord au Sud"** in April 2016 for a net amount of cash acquired of €2.4 million;
- **an equity investment** of around €1 million in the **joint venture** set up in China in partnership with the HNA Tourism Group.

Net cash flow from financing activities was +€37.2 million and mainly included:

- the acquisition by the Chinese group HNA Tourism of a stake in Pierre et Vacances SA on 30 March 2016 (net impact of €22.4 million);
- the increase of €14.8 million in sundry loans and other borrowings (excluding bank overdrafts) at 30 September 2016, compared with 30 September 2015, resulting from the bond issued in July 2016 in the form of a "Euro PP" private placement for a net amount of €59.2 million, which partially offset:
  - the early repayment of the outstanding principal of the corporate loan arranged in February 2014 (€31.5 million at 30 September 2015) as part of the Group's refinancing,
  - the cost of buying back the outstanding OCEANE bonds issued in February 2011 (redemption on 1 October 2015) for €4.0 million,
  - the net repayment of bridging loans of €5.9 million for Les Senioriales,
  - the annual amortisation of financial liabilities corresponding to finance leases for €3.0 million.

3.1.3.3 Simplified statement of financial position

(in € millions)	30/09/2016	30/09/2015 restated(1)	Changes
Goodwill	158.9	153.1	5.8
Net fixed assets	429.8	446.6	-16.8
WCR and others	31.2	24.1	7.1
TOTAL INVESTMENTS	**619.9**	**623.9**	**-4.0**
Equity	378.9	364.2	14.7
Provisions for risks and charges	34.1	28.8	5.3
Net financial debt	206.9	230.9	-24.0
including net bank debt	*103.4*	*125.2*	*-21.8*
including rental commitments – Ailette facilities	*103.5*	*105.7*	*-2.2*
TOTAL RESOURCES	**619.9**	**623.9**	**-4.0**

(1) Restated for the impact of IFRIC 21 on the public broadcasting contribution paid by the Group.

The net carrying amount of goodwill totalled €158.9 million.

The main goodwill items were:

- Tourisme Europe: €138.2 million. The increase of €5.8 million compared with 30 September 2015 is due to the acquisition of the company "La France du Nord au Sud";
- Les Senioriales: €18.9 million.

The decrease in net fixed assets (-€16.8 million) mainly comes from:

- contributions to amortisations and provisions for the period (-€42.7 million);
- less €28.9 million in net investments in the tourism business and the development of IT systems.

Net fixed assets at 30 September 2016 include:

- €122.4 million of intangible assets; this amount is mainly the €85.9 million net value of the Center Parcs brand;

- €269.6 million for property, plant and equipment; this includes for the most part assets used in the operation and marketing of villages under the Center Parcs and Sunparks brands for a net amount of €196.6 million (including €107.1 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 €70.4 million;
- €25.3 million in non-current financial assets;
- €10.8 million in equity-accounted investments (primarily comprising the Group's equity interest in the Villages Nature Paris, Adagio and China joint ventures).

The amount of equity totalled €378.9 million at 30 September 2016, (compared with €364.2 million on 30 September 2015), after taking into account:

- the net loss for the period of €7.5 million (including the change in fair value of the ORNANE share grant right of -€5.7 million);
- the capital increase subscribed by the HNA Tourism Group for a net amount of €22.4 million;
- a net reduction in equity before earnings of -€0.2 million due to IFRS accounting of actuarial differences on retirement benefit obligations, stock options, treasury shares and financial hedging instruments.

Provisions for risks and charges totalled €34.1 million at 30 September 2016, compared with €28.8 million at 30 September 2015.

At 30 September 2016, provisions for risks and charges broke down as follows:

- provisions for pensions: €22.6 million;
- provisions for renovations: €5.7 million;
- provisions for legal disputes, restructuring and miscellaneous risks: €5.8 million.

The increase of €5.3 million in the balance of provisions compared with the previous financial year was mainly due to an increase in provisions for end-of-service awards following the change in discount rates used.

Net debt reported by the Group at 30 September 2016 broke down as follows:

(in € millions)	30/09/2016	30/09/2015	Changes
Gross debt	294.3	270.5	+23.8
Cash (net of overdrafts/drawn revolving facilities)	-87.4	-39.6	-47.8
Net debt	**206.9**	**230.9**	**-24.0**
including net bank debt	*103.4*	*125.2*	*-21.8*
including rental commitments – Ailette facilities	*103.5*	*105.7*	*-2.2*

The drop in gross debt is detailed in the "Main cash flows" paragraph above.

Net debt reported by the Group at 30 September 2016 (€206.9 million) corresponded mainly to:

- the ORNANE issue in February 2014 for a principal amount of €115 million. At 30 September 2016, the liability component of the ORNANE amounted to €110.2 million (including the valuation of the embedded derivative);
- the amount of financial liabilities prompted by adjustments for sale and lease-back contracts for €106.8 million, including €103.5 million for the central facilities at Center Parcs Domaine du Lac d'Ailette;
- the "Euro PP" bond issued in July 2016 for a net amount of €59.2 million;
- bridging loans taken out by the Group to finance property development programmes to be sold for €7.8 million (mainly Les Senioriales programmes at 30 September 2016);
- the change in fair value of the ORNANE share allotment right in the amount of €5.7 million;
- less cash and cash equivalents, net of bank overdrafts/drawn revolving facilities, of €87.4 million.

At 30 September 2016, the Group had a revolving facility of €200 million, arranged on 14 March 2016 (refinancing of the syndicated loan arranged in February 2014 and maturing in 2019), as well as four confirmed lines of credit totalling €33.5 million. There was no drawdown against any of these credit lines at 30 September 2016.

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

- Adjusted Net Debt: designates net financial debt increased by the Group's rental commitments over five years following the end of the reporting period and discounted at 6.0%;
- EBITDAR: refers to EBITDA increased by annual rents.

This ratio, which should be 3.35 or below at 30/09/2016, was adhered to.

3.1.4 Events after the reporting period

Events after the reporting period are described in Part 4 of the Registration Document, Note 40 to the consolidated financial statements, page 144.

3.1.5 Outlook

3.1.5.1 Tourism reservations in the 1st quarter of 2016/2017

Given the level of bookings to date[8], tourism revenues are expected to grow in the first quarter of 2016/2017, driven by all Center Parcs sites and by the solid performance of seaside resorts in France and Spain for Pierre & Vacances Tourisme Europe.

3.1.5.2 Strategic guidelines

The Group strategic guidelines are described in Part 1.4 of the Registration Document, page 17.

3.1.6 Main risks and uncertainties

The main risks and uncertainties that the Company could face are identical to those presented in Part 2.3 of the Registration Document on page 38.

3.1.7 Main related party transactions

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

3.1.8 Research & development activities

None.

3.1.9 Social, societal and environmental responsibility

Social, societal and environmental information is detailed in Part 5 of the Registration Document, on page 173.

(8) On 23 November 2016, date of the press release on 2015/2016 annual results.

3.2 Comments on the parent company financial statements

Preamble

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

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

At 30 September 2016, 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.

3.2.1 Significant events

Main significant events of the year are described in Part 4 of the Registration Document, page 150.

3.2.2 Changes in the business

Revenue for the 2015/2016 financial year totalled €12.5 million, versus €16.5 million for the previous financial year. It mainly consisted of:

- €5.9 million invoiced for services rendered to subsidiaries mainly to develop and finance new Center Parcs villages in Allgäu in Germany (Baden Württemberg) for €4,057,000.

  The figure for the previous financial year (€10.0 million) mainly included amounts invoiced for services rendered to subsidiaries to develop and finance the Center Parcs projects of Port Zelande in the Netherlands (€5,000,000) and Allgäu (€2,500,000) and Nordseekuste in Germany (€500,000);
- €6.5 million in reinvoiced rent expenses representing the share of subsidiary entities for their occupation of premises at the Group's registered office at Artois, in the 19th district of Paris. The amount reinvoiced in the previous financial year was €6.4 million.

Transfer of operating expenses of €14.3 million were recorded during the year. These essentially concerned:

- debt restructuring of €3.8 million, recorded in deferred expenses over the term of the borrowings;
- operating expenses on borrowings of €3.6 million, reclassified as financial expenses;
- head office costs and services of €6.6 million invoiced to subsidiaries.

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

The **operating loss** came to €4.9 million (compared with a loss of €5 million in 2014/2015).

Net financial income amounted to €94.7 million compared with €66.6 million the previous year. It is mainly composed of the following items:

- dividend income of €53.4 million from subsidiaries, including:
  - €25.0 million from Pierre & Vacances Tourisme Europe, a sub-holding company for European tourism activities for the Pierre & Vacances and Center Parcs brands,
  - €22.9 million from the company PV-CP Immobilier Holding SAS, a sub-holding company for the property development business,
  - €4.5 million from Pierre & Vacances Marques, a subsidiary owning the Group's brands (mainly Pierre et Vacances, Maeva and Multivacances), excluding the "Les Senioriales" brand and those operated by the Center Parcs sub-group,
  - €0.6 million from the company PV Courtage,
  - €0.5 million from the company Entwicklungsgesellschaft Ferienhauspark Bostalsee GmbH;
- reversals of impairment provisions for €46.1 million, including:
  - €25.0 million for shares in Pierre & Vacances Tourisme Europe, a sub-holding company for European tourism activities for the Pierre & Vacances and Center Parcs brands,

- €19.8 million relating to the Pierre et Vacances FI SNC current account,
- €0.8 million relating to securities of Pierre & Vacances Maroc,
- €0.4 million relating to the current account and net worth of the company Part House SRL;

◆ interest income of €8.9 million on current accounts, including €8.5 million on the current account held by Pierre et Vacances FI SNC, a subsidiary responsible for the Group's central cash management;

◆ financial expenses of €13.8 million, including, in particular:
- interest expense on bank loans of €5.0 million, of which €4.0 million related to the convertible bond issue subscribed in the previous financial year (ORNANES), €0.5 million related to the unlisted "Euro PP" private placement subscribed during the period, and €0.5 million related to the syndicated loan,
- interest expense and commissions on bank loans of €5.7 million,
- an allocation to financial provisions for risks relating to the negative net worth of Orion SAS for €0.2 million and Support Services BV for €0.2 million,
- interest expense and commissions on short-term financing of €1.4 million,
- fees and commissions and expenses on sureties and interest rate swaps of €0.8 million,
- interest expense of €0.2 million on other borrowings arranged with Pierre & Vacances FI SNC,
- sundry other financial expenses for €0.3 million.

Net financial income amounted to €66.6 million in 2014/2015. It was mainly composed of the following items:

◆ dividend income of €37.0 million from subsidiaries, of which €27.7 million from the company PV-CP Immobilier Holding;

◆ interest income of €4.8 million on current accounts, including €4.5 million on the current account held by Pierre et Vacances FI SNC;

◆ income of €39.4 million stemming from an adjustment to the write-down of shares and current accounts of subsidiaries ;

◆ financial expenses of €15.0 million, including, in particular:
- depreciation on financial assets of €2.6 million,
- interest expense and commissions on bank loans and Group financial debt of €9.3 million,
- interest expense and commissions on short-term financing of €1.9 million.

The **non-recurring loss** stands at €0.3 million, mainly consisting of sundry fees and expenses incurred as a holding company, against a loss of €0.05 million in the previous financial year.

In its capacity as parent company, Pierre et Vacances SA records any tax resulting from the tax consolidation of the Group in its financial statements. The amount of income tax recognised came to €31.9 million. This corresponds to income from the tax consolidation recognised by Pierre & Vacances as head of the tax group for €33.3 million, net of income tax for Pierre et Vacances SA calculated on the loss of €1.5 million for the period and the family tax credit of €0.1 million recognised at the reporting date.

As a result, **the profit** for the year stood at €121.4 million compared with €73.1 million the previous year.

Changes in financial position

The **balance sheet total** stood at €1,046 million at 30 September 2016, compared with €1,101 million at 30 September 2015, a fall of €55 million.

This change is mainly due to:

◆ a net profit of €121.4 million for the period;

◆ repayments:
- on the one hand, of the outstanding debt from the balance sheet of the previous financial year of €229.9 million at 30 November 2015 to Pierre & Vacances FI SNC for the acquisition of shares in Center Parcs Holding France SAS,
- and on the other, of the outstanding "corporate" loan of €31.5 million, in advance, on 21 March 2016 (originally due in 2019).

These debt repayments are also partially offset by:

◆ the bond issued on 19 July 2016 in the form of an unlisted "Euro PP" private placement for a nominal amount of €60.0 million maturing in December 2022;

◆ the reserved capital increase of 30 March 2016, subscribed by the Chinese group HNA Tourism for €22.4 million, after allocation of costs of €2.2 million, representing 10% of the capital of Pierre et Vacances SA after the operation, or 980,172 new shares at a unit price of €25.18.

The net carrying amount of investments in associates and other long term equity investments at 30 September 2016 was €514.7 million and consisted of the following main investments (in € millions):

◆ Pierre & Vacances Tourisme Europe SA	381.4
◆ PV-CP Immobilier Holding	64.9
◆ Pierre & Vacances Marques SAS	60.7
◆ Pierre & Vacances Maroc	3.1
◆ PV-CP Holding China	2.7
◆ Les Villages Nature de Val d'Europe	1.2

In 2015/2016, Pierre et Vacances SA equity grew by €143.8 million to €820.4 million at 30 September 2016. Of this, €22.4 million correspond to the reserved capital increase of 30 March 2016 subscribed by the Chinese group HNA and €121.4 million to net profit for the period.

The subscribed capital increase was reflected in the company's equity by:

- an increase in share capital of €9.8 million;
- an increase in the issue premium of €12.6 million, net of €2.2 million in capital increase costs incurred by the company.

Share capital at 30 September 2016 was €98,017,230 and was divided into 9,801,723 fully paid-up ordinary shares with a par value of €10 each.

Provisions for risks and charges at 30 September 2016 amounted to €4.4 million (compared with €4.2 million at 30 September 2015). These reflect the negative net position of subsidiaries.

As regards the **structure of its financial liabilities,** at 30 September 2016 the **outstanding bond issue** corresponds to:

- the ORNANE-type bond issued on 4 February 2014 with a principal amount of €115.00 million and maturing on 1 October 2019. These bonds redeemable in cash and new or existing shares (ORNANE) are convertible at any time by delivery of a new or existing share. They also give the issuer the option to make a full or partial payment in cash when delivering the share;
- the bond issued on 19 July 2016 in the form of an unlisted "Euro PP" private placement with a nominal amount of €60.0 million and maturing on 31 December 2022;
- interest accrued of €2.0 million on ORNANE bonds and €0.5 million on "Euro PP" bonds at 30 September 2016.

3.2.3 Events after the reporting period

Events after the reporting period are described in Part 4 of the Registration Document, Note 23 to the statutory financial statements, page 168.

3.2.4 Outlook

In 2016/2017, Pierre et Vacances SA will continue to act as the Group holding company under conditions equivalent to those in the reporting year.

3.2.5 Main risks and uncertainties

The main risks and uncertainties that the Company could face are identical to those presented in Part 2.3 of the Registration Document on page 38.

3.2.6 Subsidiaries, associates and other long-term equity investments

The table of subsidiaries, associates and other long-term equity investments accompanies the statement of financial position.

The activities of the main subsidiaries in 2015/2016 are presented below:

- Pierre & Vacances Tourisme Europe SA

Pierre & Vacances Tourisme Europe SA continued to act as sub-holding company for the tourism business segment. For the year to 30 September 2016, Pierre & Vacances Tourisme Europe recorded a profit of €12.3 million.

- Pierre & Vacances Marques SAS

The activity of this company consists of collecting royalties from the granting of rights to use its brands. The Company's profit for this financial year amounted to €6.0 million.

- Pierre & Vacances FI SNC

In 2015/2016, Pierre & Vacances FI continued its responsibilities for central cash management for the various Pierre & Vacances-Center Parcs Group entities. Over this reporting period, SNC Pierre & Vacances FI recorded a net profit of €2.0 million.

- PV-CP Immobilier Holding

This sub-holding company for property development reported a loss of €8.9 million in the 2015/2016 financial year.

Significant equity investments

During the year, the Company took a stake in the following company:

PV-CP China Holding B.V.

On 1 October 2015, Pierre et Vacances SA subscribed for 18,000 shares in PV-CP China Holding B.V. (100% of the share capital) following that company's formation.

Significant disposals

The Company did not dispose of any equity investments during the year.

Significant investments and disposals since the year-end

Pierre & Vacances Investissement XXXXIX (now Maeva Holding SAS)

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

3.2.7 The Company's research and development activities

During the past year, and given its business sector and purpose, Pierre et Vacances did not carry out any research and development.

3.2.8 Social, societal and environmental information

Information on how the company takes into account the labour and environmental consequences of its business, and on its societal commitments towards sustainable development, anti-discrimination and diversity are detailed in Part 5 of the Registration Document, page 173.


Pierre & Vacances – Résidence premium Les Terrasses d'Eos – Flaine (France)

4

Consolidated financial statements

4.1 Consolidated financial statements

4.1.1 Consolidated income statement

(in € thousands)	Notes	Financial year 2015/2016	Financial year 2014/2015 restated*
Revenue	26	1,372,624	1,382,463
Purchases and external services	27	-942,302	-983,489
Employee expenses	28	-324,162	-307,874
Depreciation, amortisation and impairment	29	-62,131	-62,842
Other operating income	30	17,488	13,099
Other operating expenses on ordinary activities	30	-19,587	-25,198
OPERATING PROFIT (LOSS) FROM ORDINARY ACTIVITIES	**3**	**41,930**	**16,159**
Other operating income	3/31	4,241	3,922
Other operating expenses	3/31	-8,662	-9,330
OPERATING PROFIT (LOSS)	**3**	**37,509**	**10,751**
Financial income	32	2,250	5,200
Financial expenses	32	-28,020	-22,136
FINANCIAL INCOME (EXPENSE)		**-25,770**	**-16,936**
Income tax	33	-13,687	-8,399
Share of net income (loss) of equity-accounted investments	8	-5,562	3,150
NET PROFIT (LOSS)		**-7,510**	**-11,434**
Of which:			
◆ *Attributable to owners of the Company*		*-7,432*	*-11,536*
◆ *Non controlling interests*		*-78*	*102*
Basic earnings (loss) per share, attributable to owners of Company *(in €)*	34	-0.82	-1.37
Diluted earnings (loss) per share, attributable to owners of Company *(in €)*	34	-0.82	-1.37

* *The data have been restated for the impacts shown in Note 1.3.*

4.1.2 Statement of comprehensive income

(in € thousands)	Financial year 2015/2016	Financial year 2014/2015 restated*
NET PROFIT (LOSS)	**-7,510**	**-11,434**
Translation adjustments	-214	125
Effective portion of gains and losses on hedging financial instruments	298	42
Deferred tax	-103	-14
Other comprehensive income (loss) that may be reclassified subsequently to profit or loss, net of tax	**-19**	**153**
Actuarial gains and losses on retirement benefit obligations	-1,679	1,464
Other comprehensive income (loss) that will not be reclassified subsequently to profit or loss, net of tax	**-1,679**	**1,464**
Other comprehensive income (loss), net of tax	**-1,698**	**1,617**
TOTAL COMPREHENSIVE INCOME (LOSS)	**-9,208**	**-9,817**
Of which:		
◆ *attributable to owners of the Company*	*-9,130*	*-9,919*
◆ *non controlling interests*	*-78*	*102*

* *The data have been restated for the impacts shown in Note 1.3.*

4

4.1.3 Consolidated statement of financial position

Assets

(in € thousands)	Notes	30/09/2016	30/09/2015 restated*
Goodwill	4	158,951	153,147
Intangible assets	5	122,407	119,807
Property, plant and equipment	7	269,638	285,158
Equity-accounted investments	8	10,823	15,014
Available-for-sale financial assets	9	1,631	1,631
Other non-current financial assets	10	25,333	25,014
Deferred tax assets	33	89,739	87,560
NON-CURRENT ASSETS	**3**	**678,522**	**687,331**
Inventories and work in progress	11/12/24	209,808	213,676
Trade receivables	13/24	239,673	209,534
Other current assets	14/24	200,627	226,621
Current financial assets	14/24	37,462	22,502
Cash and cash equivalents	15	88,549	40,801
CURRENT ASSETS	**3**	**776,119**	**713,134**
TOTAL ASSETS	**3**	**1,454,641**	**1,400,465**

* *The data have been restated for the impacts shown in Note 1.3*

Liabilities

(in € thousands)	Notes	30/09/2016	30/09/2015 restated*
Share capital		98,017	88,216
Share premium		21,276	8,637
Treasury shares		-5,704	-11,554
Other comprehensive income (loss)		-5,272	-3,574
Reserves		278,071	293,892
Consolidated profit (loss)		-7,432	-11,536
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	**16**	**378,956**	**364,081**
Non controlling interests		-41	84
EQUITY		**378,915**	**364,165**
Long-term borrowings	18	285,010	247,728
Non-current provisions	17	26,718	21,544
Deferred tax liabilities	33	6,296	7,155
Other non-current liabilities	23/24	862	1,963
NON-CURRENT LIABILITIES	**3**	**318,886**	**278,390**
Short-term borrowings	18	10,475	23,678
Current provisions	17	7,423	7,259
Trade payables	22/24	298,402	331,973
Other financial liabilities	23/24	418,600	385,039
Current financial liabilities	23/24	21,940	9,961
CURRENT LIABILITIES	**3**	**756,840**	**757,910**
TOTAL EQUITY AND LIABILITIES	**3**	**1,454,641**	**1,400,465**

* *The data have been restated for the impacts shown in Note 1.3.*

4.1.4 Consolidated statement of cash flows

(in € thousands)	Notes	Financial year 2015/2016	Financial year 2014/2015 restated*
Operating activities			
Consolidated profit (loss)		**-7,510**	**-11,434**
Depreciation, amortisation and impairment of non-current assets		45,072	44,638
Expenses on grant of share options		1,490	752
Gains (losses) on disposal of assets		445	967
Share of profit (loss) of equity-accounted investments		5,562	-3,149
Costs of net financial debt	32	19,286	19,575
Change in fair value of the ORNANE monetisation option		5,755	-1,150
Tax expense (including deferred taxes)	33	13,687	8,399
Operating cash flows before change in working capital requirements		**83,787**	**58,598**
Net interest paid		-18,033	-17,376
Taxes paid		-14,174	-8,498
Cash flows after interest and tax		**51,580**	**32,724**
Change in working capital requirements (including in employee benefits liability)		-7,945	48,152
Inventories and work in progress	11/24	4,361	66,165
Other working capital items	11/24	-12,306	-18,013
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES (I)		**43,635**	**80,876**
Investing activities			
Acquisitions of property, plant and equipment, and intangible assets	5/7	-31,889	-32,280
Purchases of financial assets		-1,970	-3,507
Acquisitions of subsidiaries (net of cash acquired)	2.2	-2,350	0
Subtotal of disbursements		**-36,209**	**-35,787**
Proceeds from disposals of property, plant and equipment, and intangible assets		2,204	2,996
Disposals of financial assets		940	914
Divestments of subsidiaries (net of cash paid)		0	40
Subtotal of receipts		**3,144**	**3,950**
NET CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES (II)		**-33,065**	**-31,837**
Financing activities			
Capital increase in cash by the Company	16	22,440	0
Acquisitions and disposals of treasury shares	16	75	90
Dividends paid to non-controlling interests		-49	-835
Proceeds from new loans and other borrowings	18	65,970	11,081
Repayment of loans and other borrowings	18	-51,139	-19,892
Other cash flows from (used in) financing activities (including foreign exchange effect)		-56	50
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES (III)		**37,241**	**-9,506**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (IV = I + II + III)		**47,811**	**39,533**
Cash and cash equivalents at beginning of year (V)	15	39,614	81
Cash and cash equivalents at end of year (VI = IV + V)	15	87,425	39,614

* *The data have been restated for the impacts shown in Note 1.3.*

4.1.5 Consolidated statement of changes in equity

(in € thousands)	Number of shares	Share capital	Share premium	Treasury shares	Translation adjustments	Fair value reserves (mainly hedging financial instru-ments)	Reserves	Consoli-dated profit (loss)	Equity attribu-table to owners of the Company	Non controlling interests	Total share-holders' equity
RESTATED BALANCE AT 30 SEPTEMBER 2014*	**8,821,551**	**88,216**	**8,637**	**-11,644**	**161**	**-144**	**311,327**	**-23,389**	**373,164**	**356**	**373,520**
Other comprehensive income (loss)					125	28			153		153
Actuarial gains and losses on retirement benefit obligations							1,464		1,464		1,464
Net profit (loss)								-11,536	-11,536	102	-11,434
Total comprehensive income (loss)		**0**	**0**	**0**	**125**	**28**	**1,464**	**-11,536**	**-9,919**	**102**	**-9,817**
Dividends paid									0	-400	-400
Change in treasury shares held				90			-6		84		84
Share-based payment expenses							752		752		752
Other movements									0	26	26
Allocation of profit for the year							-23,389	23,389	0		0
RESTATED BALANCE AT 30 SEPTEMBER 2015*	**8,821,551**	**88,216**	**8,637**	**-11,554**	**286**	**-116**	**290,148**	**-11,536**	**364,081**	**84**	**364,165**
Other comprehensive income (loss)					-214	195			-19		-19
Actuarial gains and losses on retirement benefit obligations							-1,679		-1,679		-1,679
Net profit (loss)								-7,432	-7,432	-78	-7,510
Total comprehensive income (loss)		**0**	**0**	**0**	**-214**	**195**	**-1,679**	**-7,432**	**-9,130**	**-78**	**-9,208**
Capital increase	980,172	9,801	12,639						22,440		22,440
Dividends paid									0		0
Change in treasury shares held				5,850			-5,775		75		75
Share-based payment expenses							1,490		1,490		1,490
Other movements									0	-47	-47
Allocation of profit for the year							-11,536	11,536	0		0
BALANCE AT 30 SEPTEMBER 2016	**9,801,723**	**98,017**	**21,276**	**-5,704**	**72**	**79**	**272,648**	**-7,432**	**378,956**	**-41**	**378,915**

* *The data have been restated for the impacts shown in Note 1.3.*

4.1.6 Notes to the consolidated financial statements

4

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 2016 on 22 November 2016.

Note 1 Accounting principles

1.1 – General framework

Pursuant to European regulation EC 1606/2002 of 19 July 2002, the consolidated financial statements for the financial year ended 30 September 2016 have been prepared in accordance with IFRS (International Financial Reporting Standards) as adopted by the European Union at 30 September 2016 (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 are the same as those applied in the Group's financial statements for the financial year ended 30 September 2015, except for those adopted by the European Union which must be applied for the first time in the financial year beginning 1 October 2015 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 2015, were used to prepare the financial statements for the financial year ended 30 September 2016.

The new standards, interpretations and amendments applied by the Group for the financial year ended 30 September 2016 and not applied early in the financial statements ended 30 September 2015 include the following:

- defined benefit plans: employee contributions (Amendments to IAS 19): applicable to financial years beginning on or after 1 February 2015;
- amendments resulting from the 2010-2012 IFRS annual improvement process;
- amendments resulting from the 2011-2013 IFRS annual improvement process.

The first-time adoption of these texts had no material impact on the Pierre & Vacances-Center Parcs Group.

1.3 – Application of IFRIC Interpretation 21: recognition of public service broadcasting contribution

In order to extend the application of IFRIC Interpretation 21 to the contribution to public service broadcasting made by the Group in the operation of its holiday residence portfolio in France, this contribution is now recognised as a liability as soon as it is due, *i.e.* on 1 January of the current calendar year.

Financial statements for previous periods were amended in order to present uniform data:

(in € thousands)	**30/09/2014**	**30/09/2015**
Other current assets	-1,200	-1,096
Deferred tax assets	413	377
Equity attributable to owners of the Company	-787	-719
Operating profit (loss) from ordinary activities		104
Tax expense		-36

(in € thousands)	**30/09/2015 published version**	**Impact of public service broadcasting contribution**	**30/09/2015 version restated**
Other current assets	227,717	-1,096	226,621
Deferred tax assets	87,183	377	87,560
Equity attributable to owners of the Company	364,800	-719	364,081

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 the historical cost basis, except for the following assets and liabilities which, if present at the reporting date, are recognised at their fair value: derivative financial instruments, financial assets held-for-trading and available-for-sale financial assets. The carrying amount of the assets and liabilities hedged against changes in fair value is adjusted to take into account such changes attributable to the risks hedged.

As provided for by IAS 1 "Presentation of financial statements", the Group reports income statement items according to their nature.

Operating profit (loss) includes "Other operating expenses" and "Other operating income". These line items essentially comprise non-recurring items such as gains and losses on disposals, restructuring expenses and impairment losses.

Statement of financial position items are classified into current and non-current assets, and current and non-current liabilities. The Group's current assets include cash and cash equivalents, assets held for sale and assets consumed in a normal operating cycle. All other assets are classified as non-current. Current liabilities consist of liabilities that mature in the Group's normal operating cycle or within 12 months after the reporting date. All other liabilities are classified as non-current.

The statement of cash flows is presented using the indirect method.

1.5 – Use of accounting estimates

The preparation of consolidated financial statements in accordance with international accounting principles requires Group management to use a number of estimates and assumptions that have an effect on the assets and liabilities and on the expenses and income in the income statement, as well as on any assets and liabilities mentioned in the notes.

The main estimates made by Management when preparing financial statements involve assumptions about the recoverability of tax losses (see Note 33), the determination of earnings at the end of property programmes, the classification of lease agreements as finance leases or operating leases, the valuation of goodwill and the useful lives of operating assets, property plant and equipment, and intangible assets.

These estimates are made on a going concern basis and are drafted according to the information available when they were made. It is possible that the actual amounts are subsequently found to be different from the estimates and assumptions made in preparing the financial statements presented.

1.6 – Basis of consolidation

The following consolidation methods have been used:

- full consolidation, all the companies over which the Group exercises exclusive control, directly or indirectly, in law or in fact;
- equity method – joint ventures (companies operated jointly within the context of joint control) as well as shares of companies over which the Group directly or indirectly exercises significant influence without, however, having control. Significant influence is presumed when the Group holds more than 20% of the voting rights.

  Consolidation using the equity method requires an interest in an associate or joint venture to be recognised initially at the acquisition cost, then adjusted at a later date for the net income and other comprehensive income (loss) of the associate or joint venture attributable to the owners of the Company.

  Share of net income (loss) of these entities is incorporated into the Group's consolidated profit (loss), on a specific line entitled "Share of net income (loss) of equity-accounted investments".

The results of companies acquired during the year are consolidated as from the date on which control (exclusive or joint) or significant influence begins. The results of the companies sold during the year are consolidated up to the date on which control or notable influence ceases.

1.7 – Foreign currency translation methods

Translation of transactions denominated in foreign currency

A company's functional currency is the currency of the primary economic environment in which the Company operates. Transactions made in a currency other than the functional currency are translated at the exchange rate in effect at the time they occur. At the reporting date, receivables and corresponding payables are converted into the functional currency at the reporting date exchange rate. The resulting translation differences are recognised in profit or loss.

Translation of foreign currency financial statements

The statement of financial position of companies whose functional currency is not the euro are translated into euros at the reporting date exchange rate and their income statement at the average exchange rate for the year.

The resulting translation differences are shown in shareholders' equity and will be recognised in profit (loss) for the year during which control of the business ceases.

1.8 – Business combinations

Acquisition costs

The cost of purchasing shares equals the fair value of the assets handed over, the liabilities incurred or assumed, and the equity instruments issued by the buyer on the date of purchase.

The costs directly attributable to the acquisition are recognised under other operating expenses for the period during which they are incurred.

Earn-outs, irrespective of their likelihood of payment, are recognised at fair value in liabilities or shareholders' equity as of the acquisition date; subsequent adjustments must be reported in profit (loss) if the initial entry was under liabilities.

Identifiable assets, identifiable liabilities and goodwill

When they integrate the Group, the assets and liabilities that can be measured separately are reported in the consolidated statement of financial position at their fair value. Assets intended for resale are measured at their fair values less the selling costs. Goods intended for use in operation are measured at their fair value.

The fair value of brand names, as identifiable intangible assets, is determined using a multi-criteria approach generally accepted for the purpose ("relief from royalty" method, excess cash-flows method and cost approach).

The measurement of identifiable assets determines their new gross carrying amount. This serves as a basis for subsequent calculations of gains or losses on disposal, depreciation, amortisation, and impairment losses.

Goodwill represents any amount in excess of the consideration transferred and, if applicable, the difference between the value of "non-controlling interests" and the net fair value of identifiable assets and liabilities of the acquired company. Depending on the option selected for measuring these interests at the date control is acquired (fair value or share of net assets acquired), the goodwill recognised represents either the share acquired by the Group (partial goodwill) or the share of the Group and the share of the non-controlling interests (total goodwill).

If the difference is positive, it is recorded under "Goodwill" for companies consolidated by the full consolidation method and under "Equity-accounted investments" for joint ventures or companies over which the Group exercises significant influence. If the difference is negative, it is posted directly to profit or loss.

If, in the 12 months following the acquisition date, new information leads to a new assessment of the fair values of the assets and liabilities when they were included in the consolidated statement of financial position, the fair values are updated. The remeasurement will result in a change in the gross amount of the goodwill.

When a company is purchased in stages, the previous shareholding is reassessed at fair value on the date control is acquired and the difference from the net carrying amount is recognised in profit or loss.

Commitment to buy out non-controlling interests

When the Group grants purchase options on their investments to shareholders of its fully consolidated subsidiaries, it anticipates this additional purchase of shares. These commitments are recognised as financial liabilities at the discounted value of the buy-back price, along with an entry to non-controlling interests and any remaining balance being recorded in equity.

1.9 – Non-current assets held for sale and associated liabilities

Assets and liabilities that the Group decided to sell during the year are presented on a separate line item of the statement of financial position ("Non-current assets and disposal groups held for sale"), if they are available for immediate sale and the sale is highly probable.

When several assets are intended to be sold in a single transaction, the asset group and the related liabilities are measured overall at the lowest of the net carrying amount and the fair value net of the selling costs. Non-current assets classified as held for sale are no longer depreciated.

1.10 – Goodwill impairment tests

Under IFRS, goodwill is not amortised but is subject to impairment testing whenever there is an indication that it may be impaired and at least once a year at the end of the financial year, namely at 30 September.

This test is carried out in order to take account of any changes that may have reduced the profitability and value of the goodwill. Such events or circumstances include significant unfavourable changes of a permanent nature, affecting the economic environment or the assumptions and objectives adopted at the date of acquisition.

The assets are combined into cash generating units (CGUs). A CGU is the smallest group of assets generating cash flows largely independent of other asset groups. The CGUs adopted by Pierre & Vacances-Center Parcs for assessing the recoverable amount of goodwill are the Group's operating segments used to analyse its results for internal reporting purposes.

This impairment test involves comparing the recoverable amount of the cash generating units (CGUs), or of the CGU group, with the net carrying amount of the corresponding assets, including any goodwill. Through these impairment tests, the Group ensures that the recoverable amount of goodwill is not less than the net carrying amount. The recoverable amount is the higher of the fair value less selling costs or the value in use.

If an asset is to be sold, the recoverable amount is determined based on the fair value less selling costs.

The fair value less selling costs is the selling price that could be obtained in a transaction carried out in normal market conditions between informed and consenting parties, less the costs to sell and the costs of withdrawing from the business. The asset's selling price is determined with reference to similar recent transactions or valuations made by independent experts when a sale is in the offering.

Value in use is the future net discounted cash flows that would be generated by the CGU or group of CGUs. Cash flow projections come from the five-year business plans internally developed by the 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.

Intangible assets primarily consist of brand names.

They include:

- brand names that the Group has classified as intangible assets with indefinite useful lives.

  These assets are recorded in the statement of financial position on the basis of a valuation made at the date of acquisition by independent experts using a multi-criteria approach, which takes into account brand name awareness and expected future contribution to profits. They account for most of the net carrying amount of intangible assets recorded on the Group's consolidated statement of financial position. Brand names are not amortised but their value is subject to a test if there is an indication that they may be impaired and at least once a year at the reporting date, namely at 30 September. A provision for impairment losses is reported if the amount determined using impairment tests is lower than their net carrying amount.

  The Group determines the value in use of each of its brand names by updating their carrying amounts using the same method as that used for goodwill impairment tests (*i.e.* discounted future cash flows generated by the business covered by the brand) or the "relief from royalty" method (five-year projection of future royalties from the brand). Any impairment losses are reported in the income statement, under "Other operating expenses". The corresponding provision may subsequently be reversed if the value in use becomes higher than the net carrying amount;
- the other intangible assets that the Group has classified as intangible assets with definite useful lives. Essentially, these are concessions and patents that mainly include software licences and expenditure on computer programs. These non-current assets are amortised using the straight-line method over periods reflecting their useful lives, usually between three and eight years. If there is an indication of impairment loss, a valuation test is automatically carried out.

1.12 – Investment subsidies

Investment subsidies are shown on the statement of financial position as a reduction in the value of the asset for which they were received.

1.13 – Property, plant and equipment

Items of property, plant and equipment are reported in the statement of financial position at their historic acquisition cost or at their construction cost or else, for assets owned by entities consolidated for the first time, at their acquisition-date fair value less any accumulated depreciation and any reported impairment losses. Interest on capital borrowed to finance the production of property, plant and equipment items during the period prior to their being placed in service is considered to be an integral part of their construction costs.

Lease agreements are classified as finance leases and are restated in the consolidated financial statements when in substance they transfer to the Group virtually all the risks and benefits inherent in ownership of these properties. The level of risk transferred is measured by analysing the terms of the agreement.

Property, plant and equipment items acquired through finance lease agreements are presented in assets at the lower of the item's market value and the discounted value of future lease payments. Depreciation is recognised over the asset's useful life, the corresponding liability being reported along with the related interest expense.

Unlike finance leases, operating leases are recognised in the income statement as lease payments under "Purchases and external services". These lease payments mainly relate to buildings and fittings and are spread on a straight-line basis over the duration of the contracts.

Rent commitments, representing total future minimum payments over the remaining lease term, are indicated in Note 36 "Off-statement of financial position commitments".

From the date they are placed in service, property, plant and equipment items are depreciated over their useful lives, using a component-based approach and the straight-line method:

Buildings	20-54 years
Equipment, fixtures and fittings	5-16 years
Furniture	7-12 years
Other property, plant and equipment	3-4 years

Items of property, plant and equipment are considered impaired when their economic value appears lower than their net carrying amount as a result of events or circumstances occurring during the financial year.

Thus, at each reporting date, the Group assesses whether there is any indication of impairment loss relating to identifiable asset groups whose continuous use generates cash flows that are largely independent of those generated by other assets or asset groups. Consequently, the Group analyses, for example, the change in revenue or in operating profit (loss) generated by these cash-generating units, or groups of cash-generating units. In the case of a material unfavourable change, the Group then determines the recoverable amount of all the assets concerned. This is the higher of the fair value less selling costs, and the value in use. The value in use is determined on the basis of the discounted future cash flows estimated using the same methodology as described for goodwill.

Any impairment losses are reported in the income statement, under "Other operating expenses" and the corresponding provision may be subsequently reversed if the economic value becomes higher than the net carrying amount.

1.14 – Non-current financial assets

This category mainly comprises available-for-sale financial assets, loans and receivables due from associates and non-consolidated entities, loans and security deposits that mature in more than 12 months.

Equity interests in unconsolidated companies are classified as "Available-for-sale financial assets" and therefore are recognised on the statement of financial position at their fair value. Positive and negative changes in value are recorded directly in other comprehensive income or loss. For shares listed on the stock market and for unlisted shares, fair value is an estimate of their fair value. If the fair value cannot be determined reliably, the shares are recognised at their acquisition cost. If there is an objective indication that these shares may be impaired (a significant or prolonged decline in value), a provision for irreversible impairment is recognised under "Other operating expenses".

Other non-current financial assets are recorded at amortised cost using the effective interest rate method. If there is an objective indication of impairment loss, a provision for impairment is recognised for the difference between the net carrying amount and the recoverable value, along with an entry to income. This provision may be reversed if the recoverable amount subsequently improves.

1.15 – Inventories of finished goods and work in progress

Inventories mainly include the inventories of finished goods and work in progress for the property development business, assets held for sale and inventories of goods intended for resale as part of the Group's Tourism business. From 1 October 2012, inventories also include the marketing fees incurred by our property development entities.

Inventories of finished goods and work in progress are valued at the lower of their purchase price or production costs, and their probable net realisable amount. If the realisable amount of the inventories (price net of selling expenses) is less than their carrying amount, a provision for impairment loss is recorded accordingly.

The Group applies the percentage of completion method to report the revenue and margins of its property development business. All direct costs for ongoing property development programmes are capitalised in inventories, including any related marketing fees and financial expenses (net of any financial income) that may be attributable to operations. When the work is completed, committed expenditures that are not yet invoiced are capitalised in inventories.

1.16 – Trade receivables

Due to the nature of the Group's businesses, trade receivables are short-term and are therefore recognised at their nominal amount.

These receivables are impaired when a debtor shows a risk of insolvency or, where necessary, when recovery of the receivable is contested or is the subject of abnormal payment delays. The impairments are based on an individual or statistical assessment of this risk of non-recovery.

Under the "Ownership & Holidays" sales programme offered to investors in properties developed and marketed by the Group, the buyers do not have to pay out the full purchase costs of the assets. Receivables linked to pre-paid rent commitments receive interest. Repayments are made each year using the rent payments from the tourism operating companies, authorised by the owners. They are presented under "Other receivables and pre-paid expenses".

Further, for the accounting of contracts according to the percentage of completion method, trade receivables include:

- calls for funds to buyers as the work progresses for work not yet paid;
- "invoices to be issued" corresponding to calls for funds not yet issued for off-plan sales contracts;
- any offset that may exist between calls for funds and actual progress recorded on the reporting date. These receivables are not due.

1.17 – Cash and cash equivalents

The gross balance of cash and cash equivalents, as presented under assets on the statement of financial position, includes cash and demand deposits, as well as short-term investments (unit trusts – SICAV, and mutual funds) for terms of less than three months, which are classified as available-for-sale securities. These investments comply with the four criteria of the AMF, their terms are for less than three months, they are available for sale at any time for their nominal amount, and the foreign exchange risk is very low.

Cash and cash equivalents in the consolidated statement of cash flows represent gross amounts less overdrafts.

Accrued interest on items included in net cash is reported under net cash.

1.18 – Pierre et Vacances treasury shares

Shares in Pierre et Vacances held by the parent company and/or by Group companies, irrespective of the purpose of the holding, are recorded at their acquisition cost as a reduction to consolidated equity. The result of any sale of treasury shares is recognised directly to consolidated reserves at their value net of tax and does not impact profit (loss) for the year.

1.19 – Share-based payment

Share options granted by the Group to its employees and executives are reported as an employee expense representing services rendered by the beneficiaries of these plans. Thus, the recognised expense reflects the fair value of the options granted calculated on the date of their grant by the Board of Directors using the "Black & Scholes" method. This expense is spread over the vesting period along with corresponding increases in reserves.

The grant of benefits to employees through a Group Share Ownership Plan also falls under the scope of IFRS 2 to the extent that a discount is given when the employee buys the shares. Thus, when the subscription price granted to employees includes a discount from the fair value of the share at the grant date, an expense is recognised immediately or over the vesting period unless acquisition is immediate.

1.20 – Provisions

A provision is reported when, at the reporting date, the Group has an obligation to a third party that results from a past generating fact, the measure of which can be estimated reliably and will probably or certainly cause an outflow of resources to the benefit of the third party with no at least equivalent consideration expected from that party. This obligation may be legal, regulatory, contractual or implicit. Provisions are reported at the value that represents the best estimate of the amount to be paid to settle the obligation. If the amount or the maturity cannot be estimated with sufficient reliability, the obligation is treated as a contingent liability and is disclosed in the notes.

Thus, to take account both of its contractual commitments and maintenance policy for the property leased, the Group records provisions for renovation expenses in its financial statements. These provisions are intended to take account of future renovation costs to be paid by the Group through the end of the lease term. They are calculated on the basis of discounted future renovation costs.

Furthermore, in the case of restructuring, an obligation is recognised whenever the restructuring has been announced and included in a detailed, formal plan before the reporting date.

1.21 – Provisions for retirement and other post-employment benefits

Post-employment benefits

The Pierre & Vacances-Center Parcs Group complies with employee retirement legislation, regulations and customs in each of the countries in which it operates.

Group companies pay salary-based contributions to the appropriate institutions. As such, they carry no actuarial liability for these retirement plans. For these defined-contribution plans, payments made by the Group are recorded in profit (loss) as expenses for the period to which they relate.

Certain entities within the Group also have their own retirement plan for their employees. A provision for the corresponding actuarial liability is recorded in the consolidated financial statements. The same applies in France for Group commitments to employees for end of service awards. For these defined benefit plans, the cost of providing the benefits is estimated using a retrospective method based on end of service salaries.

Under this method, the cost of the commitments is recognised as an expense in such a way as to spread it evenly over the employees' period of service. The amount of the provision includes the present value of estimated future payments taking into account length of service, mortality rate, employee turnover rate and valuation and discounting assumptions. For defined-benefit plans partially or wholly financed by contributions paid into a separate fund or an insurance company, the assets of these entities are valued at their fair value. The liability is then recorded in the statement of financial position after deducting the value of the plan assets that cover this obligation.

Actuarial gains and losses result from changes in the actuarial assumptions used for valuations from one year to the next, and from any variance in the obligation or the value of the funds with respect to the actuarial assumptions made at the beginning of the financial year. Under IAS 19 "Employee Benefits", these resulting actuarial gains and losses are recognised in other comprehensive income.

Other long-term benefits

When signing corporate agreements, the Group also grants its personnel other long-term benefits during employment such as bonuses and free holidays at the holiday residence portfolio managed by the Group; they are given to employees according to their years of service. These benefits are also the subject of provisions that are determined by using an actuarial calculation comparable to that used for retirement provisions. Where necessary, the actuarial differences that are revealed in the year are amortised immediately in the year in which they are reported.

Past service cost

The modification or introduction of a new benefits plan after employment has ceased, or other long-term benefits may increase the present value of the obligation reflecting the benefits defined for services rendered during previous years and called "past service costs". These past service costs are expensed immediately in the year they are incurred.

The expense representing the change in net commitments for retirement and other post-employment benefits is recognised in profit or loss from ordinary operations or in other financial income and expenses according to the nature of the underlying items. The effect of the reversal of the discounting of the retirement benefit obligation, net of expected return of plan assets, is reported under "Other financial income and expenses".

The portion at more than one year of the "Provisions for retirement and other post-employment benefits" is classified as non-current provisions and the portion at less than one year as current provisions. This current portion reflects the payments that the Group estimates it will have to make in the 12 months following the reporting date.

1.22 – Loans and other borrowings

Financial liabilities

All loans are initially recorded at the cost which reflects the fair value of the amount received net of the costs for setting up the loan. Thereafter, these loans are recorded at amortised cost using the effective interest rate method and the difference between the cost and the repayment amount is recognised in profit (loss) over the term of the loans.

The effective interest rate is the rate used to obtain the carrying amount of a loan at the outset by discounting the future cash payments and receipts over the life of the loan. The carrying amount of the loan at the outset includes the transaction costs and any associated premiums.

If the future interest expense is hedged, the financial liabilities whose cash flows are hedged continue to be measured at amortised cost, the change in value of the effective portion of the hedging instrument being recognised in other comprehensive income (loss).

In the absence of any hedging relationship, or for the ineffective portion of the hedging instrument, the changes in value of the derivative instruments are recorded in net financial income (expenses).

Convertible OCEANE-type bonds

Convertible OCEANE-type bonds are financial instruments that comprise two components:

- a liability component recorded under liabilities;
- an equity component recorded under shareholders' equity.

The liability component equals the discounted amount of the bond coupons payable at a yield similar to that of a regular bond that would have been issued at the same time as the convertible bond. The difference between the liability component and the nominal amount of the convertible bond at the time of issue represents the value of the equity component, which is recorded in equity. The difference between the financial expenses recognised and the actual payments is added at each reporting date to the liability component so that, at maturity, the amount due in the event of non-conversion equals the liability balance.

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 hedges its future interest expense by using derivative financial instruments such as interest rate swaps. The Group's policy is to reduce its exposure to interest rate fluctuations.

These risks are managed centrally, allowing the Group to define the main hedging guidelines. The positions are traded over the counter with first class banking counter parties.

Hedge accounting applies if:

- the hedging relationship is clearly documented at the date it is implemented and;
- the effectiveness of the hedging relationship is demonstrated prospectively and retrospectively at each reporting date.

Derivative financial instruments are reported in the statement of financial position at their fair value. The market value is established on the basis of market data and is confirmed by stock market prices provided by financial institutions.

The changes in the fair value of the instruments acquired to hedge certain liabilities are recognised directly in other comprehensive income (loss) for the effective portion of the hedge and, in the absence of a hedging relationship or for the ineffective portion of the hedge, the changes in the value of the derivative financial instruments are reported in net financial income (expenses).

1.24 – Deferred tax

All temporary differences existing at the reporting date between the carrying amounts of the asset and liability items and the amounts of those same items for tax purposes are recorded as deferred taxes and calculated using the liability method. Deferred taxes on temporary differences and losses carried forward are calculated at approved and quasi-adopted rates that will apply on the probable date of reversal of the differences concerned, if these are fixed, or, failing this, at tax rates approved at the reporting date. The effects of tax rate changes are recorded in profit (loss) for the year during which the rate change is made.

Deferred tax benefits arising from tax losses that can be carried forward are not reported as deferred tax assets unless there is a high likelihood that they will be used within a reasonable period of time.

The tax expense is recognised in profit (loss) except for tax relating to items recognised in other comprehensive income or loss that is recorded directly in other comprehensive income or loss.

Deferred tax assets and liabilities, irrespective of their due date, are not discounted and are off set when they relate to a single tax entity.

1.25 – Deferred income

Deferred income is income that is received or recorded before the underlying services have been performed or the underlying goods have been delivered.

This line item mainly includes:

- sales signed in the presence of a notary for property not yet delivered, for the proportion exceeding the revenue calculated by the percentage of completion method;
- "support funds". Specifically, the "Financial ownership" and "Ownership & Holidays" sales programmes involve the sale of property to owners, accompanied by the Group undertaking to pay an annual rent proportional to the sale price of the property. When the rent commitments are greater than market rates at the time of the sale, the excess rent, called "support funds" is recognised as a reduction in the selling price of the property. In this way, the excess portion of the property development margin is recorded in deferred income and, after the property is delivered, is recognised in profit or loss using a straight-line method over the lease term.

1.26 – Revenue

Consolidated revenue comprises:

- **tourism:** the pre-tax value of holidays and related income earned during the financial year and fees due as part of its marketing activity. For residences run under management agreements, only management fees invoiced to the customer are included in revenue. Revenue for the part of Center Parcs' catering and food trade business, which is outsourced, includes royalties from the service providers;
- **property development:**
  - property sales generated by the property development business and recognised according to the percentage of completion method (see Note 1.27 – Revenue recognition method – Property development) less, on the date the apartments are delivered, the "support funds" (see Note 1.25 – Deferred income). The amount is initially recorded in deferred income and then gradually recognised in revenue using the straight-line method over the term of the lease,
  - project management fees billed as the work progresses to property development programmes,
  - marketing fees.

All revenue is valued at the fair value of the consideration received or to be received, net of rebates, discounts and allowances, VAT and other taxes. Services are recognised when rendered.

1.27 – Revenue recognition method – Property development

Our property development business is mainly based on off-plan sales contracts (VEFA) through which the seller immediately transfers the land rights to the buyer, as well as ownership of the existing buildings. Future construction works become the property of the buyer as and when the work is completed. The costs incurred or future costs and the income from ordinary activities can be reliably measured.

In this case, the buyer has very limited influence over the design of the property.

Accordingly, the risks and advantages corresponding to the ownership of the work in progress are transferred as the work is completed; revenue and margins on property development programmes are reported using the percentage of completion method. In order to apply the percentage of completion method, the Group has defined the rate of completion by multiplying the percentage of construction progress, *i.e.* the cost of the work completed in relation to the cost of the work budgeted, by the percentage of revenue from property sales signed at a notary's office.

For ongoing programmes that are not yet delivered, when the situation on completion is a loss, a provision for losses on completion, taking account of the most likely assumptions, is immediately reported.

1.28 – Employee expenses

Employee expenses include all the payments and commitments made by the Group, including employee profit-sharing and the expenses associated with share-based payments.

They also include the Competitiveness and Jobs Tax Credit introduced by the 3rd amended finance act for 2012, effective from 1 January 2013. This measure introduces a 4% tax credit calculated per calendar year on remuneration below or equal to 2.5 times the minimum wage paid from 1 January 2013; this was increased to 6% from 1 January 2014. Accrued income is recognised for corresponding remuneration expenses commitment less employee expenses.

1.29 – Operating profit (loss)

Operating profit (loss) includes all income and expense directly relating to the Group's activities, whether this income and expense is recurring or whether it is the result of non-recurring decisions or operations.

Current operating profit (loss) is an intermediate line item intended to make it easier to understand the company's operating performance and its comparability from one period to another.

Other operating income and expenses are reported in accordance with the AMF guidelines. Only events that, due to their frequency, amount or nature, are likely to affect the relevance of the monitoring of the Group's operating performances, are presented. This item includes gains and losses on disposals of non current assets, impairment losses on property, plant and equipment, and intangible assets, restructuring expenses and expenses related to legal proceedings which are material to the Group.

1.30 – Income tax

Income tax expense or benefit includes both current tax, the corporate value-added tax (*cotisation sur la valeur ajoutée des entreprises* or CVAE) and deferred tax resulting from temporary differences and consolidation adjustments, where justified by the tax position of the Group's companies.

France's 2010 budget, approved in December 2009, introduced a regional economic tax (*contribution économique territoriale* or CET) to replace business tax (*taxe professionnelle* or TP). The CET has two components: the corporate real estate tax (*contribution foncière des entreprises* or CFE) and the corporate value-added tax (CVAE). The CFE, the extent of which depends on the rental value of property liable for real estate tax, is very similar to business tax and can hence be likened to an operating expense for accounting purposes. The CVAE is based on the added value shown in the parent company financial statements and has a number of characteristics similar to income tax with respect to IAS 12.

Following the advice of the French National Accounting Board *(Conseil National de la Comptabilité)* issued on 14 January 2010, the Group decided to treat the CVAE as an income tax expense.

1.31 – Earnings per share

Earnings per share are calculated by dividing profit (loss) attributable to the owners of the Company by the weighted average number of shares outstanding during the financial year, less the Pierre & Vacances treasury shares recorded as a reduction in equity. The average number of shares outstanding during the financial year is the number of ordinary shares outstanding at the beginning of the financial year, adjusted by the number of ordinary shares repurchased or issued during the year.

To calculate diluted earnings, profit (loss) for the year attributable to the owners of the Company and the weighted average number of shares are adjusted to take account of the maximum impact of the conversion of dilutive instruments into ordinary shares. The impact of any possible future share issue including those resulting from the conversion of instruments that give deferred access to the share capital of the parent company is therefore factored into the calculation of earnings per share.

The negative impact linked to the existence of instruments with an equity component is calculated by taking into account all dilutive instruments issued, whatever their maturity and regardless of the probability of conversion to ordinary shares, excluding instruments with a relutive effect.

For the years disclosed, the existing dilutive instruments include share options and bonus share grants. The accretive effects of share options are calculated according to the "share buyback" method by which the funds that will be collected when the option is exercised or the vested shares are purchased are considered to be assigned primarily to repurchasing Pierre & Vacances shares at the market price.

Note 2 Highlights for 2015/2016 and scope of consolidation

2.1 – Highlights for 2015/2016

Financial structure

Refinancing

On 14 March 2016, the Pierre et Vacances-Center Parcs Group signed a new €200 million revolving credit line with its banking partners as early refinancing for the syndicated loan maturing in 2019.

The Group therefore has a confirmed credit line, repayable at maturity, for an amount in excess of the amount outstanding on the old amortising syndicated loan (€142.5 million at 30 September 2016), and at a lower rate of interest. The maturity was extended to 2021, after that of the ORNANE (2019).

First bond issue on the European private placement market

On 19 July 2016, the Pierre & Vacances-Center Parcs Group issued a bond in the form of an unlisted "Euro PP" private placement. This issue was for a total of €60 million, maturing in December 2022, with a 4.25% coupon, and was subscribed for by French institutional investors.

This enabled the Group to optimise its financial structure by staggering its debts and to diversify its funding sources.

Strategic partnership with the HNA Tourism group

On 30 March 2016, the Chinese group, HNA Tourism, subscribed to a reserved rights issue representing 10% of the capital of Pierre et Vacances SA after the operation, or 980,172 shares at a unit price of €25.18. Once this operation was complete, the individual equity interest and voting rights of S.I.T.I. (the holding company controlled by Gérard Bremond) was 39.83% and 56.42% respectively of Pierre et Vacances SA[9].

The HNA Tourism Group's equity interest in Pierre et Vacances SA relates to the partnership agreements signed on 6 November 2015, with the aim of developing tourist destinations in China inspired by Center Parcs and Pierre & Vacances concepts.

Progress of development projects

The Pierre & Vacances-Center Parcs and HNA Tourism Groups signed letters of intent, on 4 July 2016, for the acquisition of three plots of land located near Shanghai and Beijing, and on 18 November 2016 for an additional land on the seaside in the South of China.

At the same time, agreements were concluded with three major Chinese retailers, Ctrip, Caissa, and Tuniu.com. As such, 15 French destinations belonging to Pierre & Vacances, Center Parcs and Adagio are to be marketed to Chinese tourists. The first tourism reservations have since been made.

Acquisitions

Acquisition of the company, "La France du Nord au Sud"

On 27 April 2016, the Pierre & Vacances-Center Parcs Group announced the acquisition of "La France du Nord au Sud", a recognised player in the online holiday rental market in France and Spain.

The integration of this company has enabled maeva.com (online distribution and management of holiday rentals on behalf of third parties) to accelerate its growth by expanding its range of tourism products tenfold, with an overall portfolio of 25,000 accommodation units (holiday residences, holiday villages, houses, villas, campsites, chalets, hotels, privately-owned apartments).

By offering a unique and totally integrated range of services, from house and apartment management through to optimised marketing and on-site operation, maeva.com is positioning itself as a major player on the B2C and C2C holiday rental market.

Center Parcs development/renovation projects

Financing for the expansion of the 6th German Center Parcs in Allgäu (Baden Württemberg).

As part of the European diversification of its SCPI, on 11 March 2016, the "La Française" Group acquired 250 cottages and the accompanying leisure facilities on the future German Center Parcs site in Allgäu.

This acquisition is in addition to the acquisition by the Eurosic Group of 750 cottages and central recreational facilities for the Domain in November 2015.

The opening is planned for late 2018.

Expansion of the Center Parcs Domaine des Trois Forêts in Moselle-Lorraine

On 24 March 2016, the Pierre & Vacances-Center Parcs Group sold a block of 163 cottages, constituting the last phase of the Domaine des Trois Forêts project, off-plan to the MACSF Group.

The cottages are scheduled for delivery in summer 2017.

Renovation of the Sunparks Domain Vielsalm (the Ardennes, Belgium)

Under agreements signed with the current owner of Domain Vielsalm, Foncière des Murs, in October 2015, KBC Bank acquired a block of 177 cottages as part of the redevelopment of the Domain. This sale was in addition to the sale of renovated cottages to private investors.

Development projects in Spain

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

Under the agreement, in early April, the Pierre & Vacances-Center Parcs Group sold 166 apartments that it owned on the Manilva site.

(9) *On the basis of share capital prior to the transaction, comprising 8,821,551 shares, representing 12,856,840 gross voting rights (data at 29 February 2016).*

2.2 – Main changes in the scope of consolidation

Main changes in the scope of consolidation for the 2015/2016 financial year

Tourism: acquisition of the company, "La France du Nord au Sud"

On 13 April 2016, the Pierre et Vacances-Center Parcs Group acquired a 100% equity interest in the company, "La France du Nord au Sud", over which it has had exclusive control since that date. Consequently, this subsidiary has been fully consolidated since the date of the takeover.

Since this acquisition had no material impact on the Group's consolidated financial statements, comparative pro forma data has not been produced for said statements.

The Group measured the fair value of the assets and liabilities acquired, primarily resulting in the recognition of intangible assets comprising technology developed in-house by the target company. Since the acquisition date was very close to the end of the target company's half-year reporting period, and in the absence of any significant events between this date and the acquisition date (13 April 2016), the Pierre et Vacances-Center Parcs Group measured the assets and liabilities acquired on the basis of the data at 1 April 2016.

Identifiable assets and liabilities acquired are presented as follows:

(in € thousands)	Net carrying amount before business combination	Adjustment to fair value	Fair value
Net liabilities acquired at 1 April 2016			
Intangible assets	1	800	801
Property, plant and equipment	38		38
Financial assets	383		383
Trade receivables	994		994
Other current assets	31		31
Cash and cash equivalents	2,454		2,454
Provisions for risks and charges (current and non-current)	-15	-131	-146
Deferred tax liabilities	0	-230	-230
Other non-current liabilities	-2		-2
Trade payables	-3,410		-3,410
Other financial liabilities	-1,913		-1,913
TOTAL NET LIABILITIES ACQUIRED	**-1,439**	**439**	**-1,000**
TOTAL ACQUISITION COST			**4,804**
GOODWILL			**5,804**

The relative impact of the acquisitions of subsidiaries mentioned in the Consolidated Statement of Cash Flows (net disbursement of €2,350,000) breaks down as the price paid for the acquisition of company shares (€4,804,000), less cash acquired on the date when control was taken (€2,454,000).

In addition, on the basis of the parent company accounts closed on 30 September 2015, the Company's total balance sheet assets stood at €4.4 million and the volume of business managed over 12 months at €25 million.

Other changes during the 2015/2016 financial year

In addition, during the 2015/2016 financial year, the Group continued its policy of rationalising and simplifying operations and legal organisations by creating new companies or making internal changes of scope (mergers and liquidations of companies through the transfer of all assets and liabilities).

Main changes in the scope of consolidation for the 2014/2015 financial year

There was no significant change in the scope of consolidation in the 2014/2015 financial year.

2.3 – Main consolidated entities

French companies

Legal Form	Company	Method of consolidation*	% interest at 30/09/2016	% interest at 30/09/2015
Holding companies				
SA	Pierre & Vacances	Parent company	100.00%	100.00%
SNC	Pierre & Vacances FI	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				
BV	PV-CP China Holding B.V.	FC	100.00%	0.00%
Limited liability company	PVCP China Company Limited	FC	100.00%	0.00%
Limited liability company	PVCP China Real Estate Brokerage Company Limited	FC	100.00%	0.00%
Limited liability company	HNA PV Tourism Company Limited	EA	40.00%	0.00%
TOURISM BUSINESS				
Tourism France				
SARL	Clubhotel	FC	100.00%	100.00%
SASU	La France du Nord au Sud	FC	100.00%	0.00%
SA	Clubhotel Multivacances	FC	100.00%	100.00%
SNC	Commerce Patrimoine Cap Esterel	FC	100.00%	100.00%
SA	Compagnie Hôtelière Pierre & Vacances	FC	100.00%	100.00%
SAS	Holding Rénovation Tourisme	N/A	0.00%	100.00%
SNC	NLD	N/A	0.00%	50.00%
SAS	Orion	FC	100.00%	100.00%
SAS	Pierre & Vacances Esterel Développement	FC	100.00%	100.00%
SA	PV-CP Distribution	FC	100.00%	100.00%
SAS	Pierre & Vacances Rénovation Tourisme	FC	100.00%	100.00%
SAS	PV-CP City	FC	100.00%	100.00%
SAS	PV-CP Holding Exploitation	FC	100.00%	100.00%
SAS	PV-CP Gestion Exploitation	FC	100.00%	100.00%
SAS	PV Résidences & Resorts France	FC	100.00%	100.00%
SAS	SET Pierre & Vacances Guadeloupe	FC	100.00%	100.00%
SAS	SET Pierre & Vacances Martinique	FC	100.00%	100.00%
SARL	SGRT	FC	100.00%	100.00%
SNC	SICE	FC	100.00%	100.00%
SARL	Société de Gestion des Mandats	FC	100.00%	100.00%
SNC	Société Hôtelière de l'Anse à la Barque	FC	100.00%	100.00%
SA	Sogire	FC	100.00%	100.00%

* *FC: fully consolidated EA: equity accounted N/A: not applicable.*

Legal Form	Company	Method of consolidation*	% interest at 30/09/2016	% interest at 30/09/2015
Adagio				
SAS	Adagio	EA	50.00%	50.00%
SAS	Adagio Formations & Prestation de Services	EA	50.00%	50.00%
Center Parcs				
SAS	Center Parcs Resorts France	FC	100.00%	100.00%
SNC	Domaine du Lac d'Ailette	FC	100.00%	100.00%
PROPERTY DEVELOPMENT				
Property development France				
SNC	Avoriaz Équipements	FC	100.00%	100.00%
SNC	Avoriaz Maeva Loisirs	FC	100.00%	100.00%
SNC	Avoriaz Pierre & Vacances Loisirs	FC	100.00%	100.00%
SNC	Avoriaz Résidences MGM Loisirs	FC	100.00%	100.00%
SNC	Avoriaz Résidences MGM Loisirs II	FC	100.00%	100.00%
SNC	Biarritz Loisirs	FC	100.00%	100.00%
SNC	Belle Dune Village	FC	100.00%	100.00%
SNC	Bois de la Mothe Chandenier Cottages	FC	100.00%	100.00%
SNC	Bois de la Mothe Chandenier Équipements	FC	100.00%	100.00%
SNC	Bois de la Mothe Chandenier Foncière	FC	100.00%	100.00%
SNC	Caen Meslin Loisirs	EA	40.00%	40.00%
SNC	Chamonix Loisirs	FC	100.00%	100.00%
SNC	Chaumont Cottages	FC	100.00%	100.00%
SNC	Colmar Loisirs	FC	100.00%	100.00%
SNC	Dhuizon Loisirs	FC	100.00%	100.00%
SNC	Flaine Montsoleil Centre	FC	100.00%	100.00%
SNC	Flaine Montsoleil Extension	FC	100.00%	100.00%
SCI	Les Senioriales Boulou	FC	100.00%	100.00%
SCI	Les Senioriales Charleval	FC	100.00%	100.00%
SCI	Les Senioriales de Bassan	FC	100.00%	100.00%
SCI	Les Senioriales de Bracieux	FC	100.00%	100.00%
SCI	Les Senioriales de Cavillargues	FC	100.00%	100.00%
SCI	Les Senioriales de Cevennes – St Privat des Vieux	FC	100.00%	100.00%
SCI	Les Senioriales de Gonfaron	FC	100.00%	100.00%
SCI	Les Senioriales d'Izon	FC	100.00%	100.00%
SCI	Les Senioriales de Jonquières	FC	100.00%	100.00%
SCI	Les Senioriales de Juvignac	FC	100.00%	100.00%
SCI	Les Senioriales de la Celle	FC	100.00%	100.00%
SCI	Les Senioriales de la Côte d'Azur – Grasse	FC	100.00%	100.00%
SCI	Les Senioriales de Medis	FC	100.00%	100.00%
SCI	Les Senioriales de Montagnac	FC	100.00%	100.00%
SCI	Les Senioriales de Nandy	FC	100.00%	100.00%
SCI	Les Senioriales de Paradou	FC	100.00%	100.00%
SCI	Les Senioriales de Pont Aven	FC	100.00%	100.00%
SCI	Les Senioriales de Pringy	FC	100.00%	100.00%
SCI	Les Senioriales de Rambouillet	FC	100.00%	100.00%
SCI	Les Senioriales de Soulac	FC	100.00%	100.00%
SCI	Les Senioriales de Vias	FC	100.00%	100.00%
SCI	Les Senioriales des Landes – Hinx	FC	100.00%	100.00%

* *FC: fully consolidated EA: equity accounted N/A: not applicable.*

Legal Form	Company	Method of consolidation*	% interest at 30/09/2016	% interest at 30/09/2015
SCI	Les Senioriales St Julien des Landes	FC	100.00%	100.00%
SCI	Les Senioriales de St Laurent de la Prée	FC	100.00%	100.00%
SCI	Les Senioriales en Ville de Bruges	FC	100.00%	100.00%
SCI	Les Senioriales en Ville Cenon	FC	100.00%	100.00%
SCI	Les Senioriales en Ville de Luce	FC	100.00%	100.00%
SCI	Les Senioriales en Ville de Marseille – St Loup	FC	100.00%	100.00%
SCI	Les Senioriales en Ville de Perpignan	FC	100.00%	100.00%
SCI	Les Senioriales en Ville de Saint Avertin	FC	100.00%	100.00%
SCI	Les Senioriales en Ville d'Emerainville	FC	100.00%	100.00%
SCI	Les Senioriales en Ville Manosque	FC	100.00%	100.00%
SCI	Les Senioriales en Ville de Mions	FC	100.00%	100.00%
SCI	Les Senioriales de Pollestres	FC	100.00%	100.00%
SCI	Les Senioriales Ville de Nîmes	FC	100.00%	100.00%
SCI	Les Senioriales Teyran	FC	100.00%	100.00%
SCI	SCI Les Senioriales Ville de Castanet	EA	50.00%	50.00%
SNC	Les Senioriales Ville de Dijon	FC	100.00%	100.00%
SNC	Les Senioriales Ville de Tourcoing	EA	50.00%	50.00%
SCI	Les Senioriales du Pornic	FC	100.00%	100.00%
SCI	Les Senioriales Ville de St-Étienne	FC	100.00%	100.00%
SCI	Les Senioriales Ville de Soustons	FC	100.00%	100.00%
SCI	Les Senioriales Ville de Rillieux la Pape	FC	100.00%	100.00%
SCI	SCI Les Senioriales de Pourrières	FC	100.00%	0.00%
SCCV	Les Senioriales de Mordelles	FC	100.00%	0.00%
SNC	Les Senioriales en ville de Saint Palais	FC	100.00%	0.00%
SCCV	Les Senioriales en Ville de Noisy Le Grand	FC	100.00%	0.00%
SNC	Les Senioriales en Ville de Sannois	FC	100.00%	0.00%
SCCV	SCCV Toulouse Ponts Jumeaux A1	EA	50.00%	50.00%
SCCV	SCCV Palaiseau RT	EA	50.00%	0.00%
SAS	Les Villages Nature de Val d'Europe	EA	50.00%	50.00%
SCI	Montrouge Développement	EA	50.00%	50.00%
SCCV	Nantes Russeil	EA	50.00%	50.00%
SARL	Peterhof II	FC	100.00%	100.00%
SA	Pierre et Vacances SA PV-CP Conseil Immobilier	FC	100.00%	100.00%
SARL	Pierre & Vacances Courtage	FC	100.00%	100.00%
SA	Pierre & Vacances Développement	FC	100.00%	100.00%
SAS	Pierre & Vacances Senioriales Promotion et Commercialisation	FC	100.00%	100.00%
SAS	Pierre & Vacances Senioriales Exploitation	FC	100.00%	100.00%
SNC	Presqu'île de la Touques	FC	100.00%	100.00%
SAS	Foncière Presqu'île de La Touques	EA	50.00%	50.00%
SNC	CP Centre Est	FC	100.00%	100.00%
SAS	Tourisme et Rénovation	FC	100.00%	100.00%
SNC	Villages Nature Hébergements	EA	50.00%	50.00%
SNC	SNC Villages Nature Hébergements II	EA	50.00%	50.00%
SNC	SNC Villages Nature Équipements I	EA	50.00%	50.00%
SNC	SNC Villages Nature Équipements II	EA	50.00%	50.00%
SAS	Villages Nature Tourisme	EA	50.00%	50.00%
SNC	Nature hébergement I	EA	37.50%	37.50%
SARL	Villages Nature Management	EA	50.00%	50.00%

* *FC: fully consolidated EA: equity accounted N/A: not applicable.*

Legal Form	Company	Method of consolidation*	% interest at 30/09/2016	% interest at 30/09/2015
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	FC	100.00%	100.00%
SNC	Bois des Harcholins Village II	FC	100.00%	100.00%
SNC	Bois Francs Foncière	FC	100.00%	100.00%
SNC	Roybon Cottages	FC	100.00%	100.00%
SNC	Roybon Équipements	FC	100.00%	100.00%
Other				
SAS	Pierre & Vacances Investissement 24	FC	100.00%	100.00%
SAS	Pierre & Vacances Marques	FC	100.00%	100.00%

* *FC: fully consolidated EA: equity accounted N/A: not applicable.*

Foreign companies

Legal Form	Company	Country	Method of consolidation*	% interest at 30/09/2016	% interest at 30/09/2015
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 S 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%	0.00%
TOURISM BUSINESS					
Center Parcs					
GmbH	Center Parcs Allgäu	Germany	FC	94.00%	94.00%
NV	Center Parcs Belgie	Belgium	FC	100.00%	100.00%
GmbH	Center Parcs Bungalowpark Allgau	Germany	FC	100.00%	0.00%
GmbH	Center Parcs Bungalowpark Bispingen	Germany	FC	100.00%	100.00%
GmbH	Center Parcs Bungalowpark Bostalsee	Germany	FC	100.00%	100.00%
GmbH	Center Parcs Entwickelungsgesellschaft	Germany	FC	100.00%	100.00%
GmbH	Center Parcs Bungalowpark Heilbachsee	Germany	FC	100.00%	100.00%
GmbH	Center Parcs Bungalowpark Hochsauerland	Germany	FC	100.00%	100.00%
GmbH	Center Parcs Leisure Deutschland	Germany	FC	100.00%	100.00%
NV	Center Parcs Netherlands	The Netherlands	FC	100.00%	100.00%
NV	CP SP België	Belgium	FC	100.00%	100.00%
GmbH	Sunparks Bungalowpark Nordseeküste	Germany	FC	100.00%	100.00%
SA	Foncière Loisirs Vielsalm	Belgium	FC	100.00%	0.00%
NV	Center Parcs Ardennen	Belgium	FC	100.00%	100.00%
NV	Sunparks Vielsalm	Belgium	FC	100.00%	100.00%

Legal Form	Company	Country	Method of consolidation*	% interest at 30/09/2016	% interest at 30/09/2015
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					
SA	Orion Exploitation Bruxelles Belliard	Belgium	N/A	0.00%	100.00%
SL	SET Orion	Spain	FC	100.00%	100.00%
Other tourism					
Srl	Part House	Italy	EA	55.00%	55.00%
Srl	Pierre & Vacances Italia	Italy	FC	100.00%	100.00%
Ltd	Worldwide Invest Management	UK	FC	90.00%	90.00%
Ltd	P&V Sales & Marketing UK	UK	FC	100.00%	100.00%
SL	Pierre & Vacances Maeva Distribution España	Spain	FC	100.00%	100.00%
SL	SET Pierre & Vacances España	Spain	FC	100.00%	100.00%
PROPERTY DEVELOPMENT					
SL	Bonavista de Bonmont	Spain	FC	100.00%	100.00%
SL	Pierre & Vacances Développement España	Spain	FC	100.00%	100.00%
SL	Pierre & Vacances Inversion Inmobiliaria	Spain	FC	100.00%	100.00%
Srl	Résidence City	Italy	FC	100.00%	100.00%
SA	SDRT Immo	Morocco	EA	25.00%	25.00%
Other					
GmbH	Center Parcs Entwicklungsgesellschaft Ferienhauspark Bostalsee	Germany	FC	90.00%	90.00%
GmbH	Pierre & Vacances-Center Parcs Immobilien	Germany	FC	100.00%	100.00%
BV	Center Parcs Netherlands 2	The Netherlands	FC	100.00%	100.00%
BV	Multi Resorts Holding	The Netherlands	FC	100.00%	100.00%
BV	Center Parcs Development	The Netherlands	FC	100.00%	100.00%
BV	Pierre & Vacances-Center Parcs Vastgoed	The Netherlands	FC	100.00%	100.00%
SAS	Pierre & Vacances Maroc	Morocco	FC	100.00%	100.00%

* *FC: fully consolidated EA: equity accounted N/A: not applicable.*

Segment information

Based on the internal organisation of the Group, the segment information shows the tourism business and the property development business. This breakdown reflects the operational organisation of the Group in terms of management and control of operations.

The Group develops its activities through two complementary business lines:

- the property development segment, which aims to increase the holiday destinations available and adapt the existing residences and villages to suit changes in customer requirements. This segment includes the construction activities and the marketing to individual investors of hotel rooms, apartments and new or renovated houses. The property development programmes currently available are mainly located in France and Germany. Programmes relating to the renovation of tourism assets operated under the Center Parcs and Sunparks brands are also in the process of being developed in the Netherlands, Germany and Belgium. This segment also includes the development of the Les Senioriales, specialising in building and marketing residences in France and aimed at a customer base of active seniors. Houses and apartments are sold with full ownership;

- the tourism segment called "Tourisme Europe", which includes the operation of residences and villages marketed under the Pierre & Vacances, Adagio, Center Parcs and Sunparks brands, located in Europe, mainly France, the Netherlands, Germany, Belgium, Spain and, to a lesser extent, Portugal.

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 €881,697,000 and €469,876,000, respectively.

Inter-segment revenue is generated under normal market conditions. No single customer represents a significant share of the revenue of the Pierre & Vacances-Center Parcs Group.

The unassigned assets include long-term investments, other assets of a financial nature, current and deferred tax receivables and non-current assets.

The unassigned liabilities include bank borrowings and current and deferred tax payables.

Note 3 Operating segment information

Since 1 October 2014, in application of IFRS 11, the Pierre & Vacances-Center Parcs Group has consolidated all companies in which it exercises joint control with partners using the equity method. These entities were previously consolidated using the proportionate consolidation method.

This change affects all financial statement items but has no impact on the profit (loss) for the period.

In addition, the Pierre & Vacances-Center Parcs Group continues to apply the proportionate consolidation method in its internal operational reporting, since this allows for better assessment of the Group's economic performance and key indicators.

This is why the Group continues to use the proportionate consolidation method when publishing the segment information contained in the notes to the consolidated financial statements, as well as for the management report which also includes an IFRS income statement reconciliation table.

The impact of the application of IFRS 11 is also shown on the right hand side of the table shown below, enabling it to be linked with the data published in the consolidated financial statements.

	2015/2016					
(in € thousands)	Tourism business	Property development	Unassigned	Total operational reporting*	Impact of IFRS 11	Total
Revenue	1,280,080	197,438	-	1,477,518	-51,880	1,425,638
Intra-business group revenue	-26,704	-26,594	-	-53,298	284	-53,014
External revenue	**1,253,376**	**170,844**	**0**	**1,424,220**	**-51,596**	**1,372,624**
Operating profit (loss) from ordinary activities	**25,083**	**7,270**	**0**	**32,353**	**9,577**	**41,930**
Other operating income and expenses	-3,036	-1,317	-892	-5,245	824	-4,421
Operating profit (loss)	**22,047**	**5,953**	**-892**	**27,108**	**10,401**	**37,509**
Depreciation and amortisation	**-42,782**	**-306**	**0**	**-43,088**	**819**	**-42,269**
Asset impairment losses net of write-backs	17	0	0	17	0	17
Property, plant and equipment, and intangible assets	**26,377**	**4,469**	**6,940**	**37,786**	**-5,897**	**31,889**
Non-current assets	520,098	47,177	135,574	702,849	-24,327	678,522
Current assets	255,668	519,947	126,351	901,966	-125,847	776,119
Total assets	**775,766**	**567,124**	**261,925**	**1,604,815**	**-150,174**	**1,454,641**
Non-current liabilities	23,473	1,934	309,237	334,644	-15,758	318,886
Current liabilities	481,076	326,970	83,927	891,973	-135,133	756,840
Total liabilities excluding equity	**504,549**	**328,904**	**393,163**	**1,226,616**	**-150,890**	**1,075,726**

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

	2014/2015					
(in € thousands)	**Tourism business**	**Property development**	**Unassigned**	**Total operational reporting(1)**	**Impact of IFRS 11**	**Amended total(2)**
Revenue	1,212,765	266,921	-	1,479,686	-54,252	1,425,434
Intra-business group revenue	-32,034	-11,324	-	-43,358	387	-42,972
External revenue	**1,180,731**	**255,597**	**0**	**1,436,328**	**-53,866**	**1,382,463**
Operating profit (loss) from ordinary activities	**6,253**	**15,053**	**0**	**21,306**	**-5,147**	**16,159**
Other operating income and expenses	-4,392	-644	-375	-5,411	3	-5,408
Operating profit (loss)	**1,861**	**14,409**	**-375**	**15,895**	**-5,144**	**10,751**
Depreciation and amortisation	**-44,265**	**-255**	**0**	**-44,520**	**744**	**-43,776**
Impairment losses net of write-backs	-419	0	307	-112	0	-112
Property, plant and equipment, and intangible assets	**28,718**	**6,369**	**4,142**	**39,229**	**-6,949**	**32,280**
Non-current assets	529,238	41,682	126,169	697,089	-9,758	687,331
Current assets	291,347		73,651	843,250	-130,116	713,134
Total assets	**820,585**	**519,934**	**199,821**	**1,540,340**	**-139,875**	**1,400,465**
Non-current liabilities	18,337	899	267,350	286,586	-8,196	278,390
Current liabilities	494,657	322,295	73,355	890,307	-132,397	757,910
Total liabilities excluding equity	**512,994**	**323,194**	**340,705**	**1,176,893**	**-140,593**	**1,036,300**

(1) The data are shown before the impact of the adoption of IFRS 11, in accordance with the operational reporting followed by the Group, and are restated for the impacts shown in Note 1.3.
(2) The data have been restated for the impacts shown in Note 1.3.

4

Analysis of main financial position items

Note 4 Goodwill

(in € thousands)	30/09/2016	30/09/2015
Tourisme Europe	138,226	132,422
Les Senioriales	18,926	18,926
Pierre & Vacances Développement	1,463	1,463
Pierre & Vacances Développement España	336	336
TOTAL NET AMOUNT	**158,951**	**153,147**

Goodwill was automatically tested for impairment loss at 30 September 2016, 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 financial year 2015/2016. This was still the same at 30 September 2015.

The €5,804,000 increase in goodwill at 30 September 2016 was the result of the Pierre et Vacances-Center Parcs Group's acquisition of *"La France du Nord au Sud"*, as described in Note 2.2 "Main changes in the scope of consolidation".

Net amount at reporting date

(in € thousands)	30/09/2016	30/09/2015
Gross amount	181,640	175,836
Accumulated impairment loss	-22,689	-22,689
NET AMOUNT	**158,951**	**153,147**

Note 5 Intangible assets

(in € thousands)	Brand names	Other intangible assets	Total intangible assets
At 30 September 2014			
Gross amount	105,777	49,177	154,954
Accumulated depreciation, amortisation and impairment losses	-3,734	-28,493	-32,227
NET AMOUNT	**102,043**	**20,684**	**122,727**
Changes			
Acquisitions	-	5,959	5,959
Net disposals and retirements	-	-2,547	-2,547
Depreciation	-	-6,068	-6,068
Impairment losses	-	-	-
Reclassifications	-	-264	-264
TOTAL CHANGES FOR THE YEAR	**-**	**-2,920**	**-2,920**
At 30 September 2015			
Gross amount	105,777	51,907	157,684
Accumulated depreciation, amortisation and impairment losses	-3,734	-34,143	-37,877
NET AMOUNT	**102,043**	**17,764**	**119,807**
Changes			
Acquisitions	-	9,281	9,281
Net disposals and retirements	-	-1,819	-1,819
First-time inclusion in the scope of consolidation (La France du Nord au Sud)	-	801	801
Depreciation	-	-5,597	-5,597
Reclassifications	-	-66	-66
TOTAL CHANGES FOR THE YEAR	**-**	**2,600**	**2,600**
At 30 September 2016			
Gross amount	105,777	59,916	165,693
Accumulated depreciation, amortisation and impairment losses	-3,734	-39,552	-43,286
NET AMOUNT	**102,043**	**20,364**	**122,407**

Intangible assets at 30 September 2016 consisted of:

- "**Brand names**" including:
  - €85,870,000 for the Center Parcs brand,
  - €7,472,000 for the Pierre et 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 2016 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 financial year 2015/2016;
- "**Other intangible assets**" for €20,364,000. The change is essentially due to:
  - €9,281,000 in capital investment, including technical and functional enhancements to:
    - Group websites (€2,933,000),

- the customer database (€1,197,000),
- the development of solutions for in-house sales teams (€583,000),
- the development of new management solutions for owners and business conducted under management agreements with individual owners under the maeva.com brand (€592,000),
- group financial services and human resources projects (€1,920,000),
- IT solutions developed by the group (€604,000), server renewal (€166,000) and Oracle licences (€400,000),
- miscellaneous IT projects costing €886,000,

- €1,819,000 in sales of IT solutions.

Finance leases

At 30 September 2016, the net amount of "Intangible assets" included €1,256,000 representing the restatement of such assets under finance leases, compared with €1,639,000 at 30 September 2015. The corresponding residual financial liability stood at €1,305,000 at 30 September 2016, compared with €1,714,000 at 30 September 2015 (see Note 18 "Financial liabilities")

At 30 September 2016, 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. They relate to projects for which land has been identified and for which feasibility studies have already begun. Historically, these projects correspond to approximately ten developments per year, the average number of projects that this entity is capable of implementing in its current form.

Beyond this explicit projection period, cash flows are extrapolated by applying a perpetual growth rate which was assumed to be in line with the long-term growth rate of the countries in which the businesses operate. The main assumptions used to determine the terminal value are based on historical and prospective data. The latter are prepared by the operational departments concerned, namely the Sales Department, in relation to occupancy rate and marketing, Pricing and Revenue Management for average sales prices, and Business Line for operating margins.

Lastly, the discount rate used in determining values in use justifying the carrying amount of the assets is based on the weighted average cost of the Group's capital. The latter is calculated from the rate of return on 10-year French government bonds and sectoral characteristics, primarily to assess the risk premium and the marginal borrowing cost.

Within each business segment, the CGU group used to assess the recoverable amount of the assets reflects the Group's activities in terms of financial reporting. Hence, the main CGUs of the Pierre & Vacances-Center Parcs Group, to which virtually all the goodwill and brand names on the statement of financial position relate, are:

- tourism: the Tourisme Europe CGU 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 seniors.

Analysis of the allocation of goodwill and brand names to the various CGUs thus identified at 30 September 2016 and 30 September 2015:

	30/09/2016			30/09/2015		
(in € thousands)	Goodwill	Brand name	Total	Goodwill	Brand name	Total
Tourisme Europe	138,226	100,003	238,229	132,422	100,003	232,425
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**	**153,147**	**102,043**	**255,190**

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 2015)
Discount rate used	**8.5%** (compared with 9.0% at 30 September 2015)
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 +6% 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 -13% and +18%, respectively, on the recoverable amount. This variation does not lead to the recognition of impairment losses.
Sensitivity of the recoverable amount to the occupancy rate	A one-point increase and decrease in the occupancy rate has an impact of +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 average selling rate	A one-point increase and decrease in the average selling rate has an impact of +8% and -8%, respectively, on the recoverable amount. This variation does not lead to the recognition of impairment losses.
Sensitivity of the recoverable amount to the margin rate	A one-point increase and decrease in the margin rate has an impact of +10% and -10% respectively, on the recoverable amount. This variation does not lead to the recognition of impairment losses.

At 30 September 2016, 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 6.2%, the average selling rate more than 7.4% or the operating margin rate more than 5.7%.

For Les Senioriales, a 9.5% 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 2014					
Gross amount	18,535	232,706	282,619	148,269	682,129
Accumulated depreciation, amortisation and impairment losses	-1,526	-89,302	-184,824	-108,514	-384,166
NET AMOUNT	**17,009**	**143,404**	**97,795**	**39,755**	**297,963**
Changes					
Acquisitions	1,953	3,360	13,853	7,155	26,321
Net disposals and retirements	-75	-125	-637	-198	-1,035
Depreciation	-636	-8,421	-21,506	-7,536	-38,099
Reclassifications	4	0	455	-451	8
TOTAL CHANGES FOR THE YEAR	**1,246**	**-5,186**	**-7,835**	**-1,030**	**-12,805**
At 30 September 2015					
Gross amount	20,416	235,053	281,783	147,262	684,514
Accumulated depreciation, amortisation and impairment losses	-2,161	-96,835	-191,823	-108,537	-399,356
NET AMOUNT	**18,255**	**138,218**	**89,960**	**38,725**	**285,158**
Changes					
Acquisitions	532	6,128	10,625	5,323	22,608
Net disposals and retirements	-116	-247	-612	-225	-1,200
First-time inclusion in the scope of consolidation (La France du Nord au Sud)	0	0	0	38	38
Depreciation	-539	-8,732	-20,053	-7,144	-36,468
Reclassifications	-68	1,460	804	-2,694	-498
TOTAL CHANGES FOR THE YEAR	**-191**	**-1,391**	**-9,236**	**-4,702**	**-15,520**
At 30 September 2016					
Gross amount	20,747	241,587	283,877	144,905	691,116
Accumulated depreciation, amortisation and impairment losses	-2,683	-104,760	-203,153	-110,882	-421,478
NET AMOUNT	**18,064**	**136,827**	**80,724**	**34,023**	**269,638**

Property, plant and equipment items, with a total net carrying amount of €269,638,000 at 30 September 2016, essentially include the assets used in the operations of:

- **the Center Parcs and Sunparks villages,** with a net amount of €196,598,000 (€107,138,000 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 €14,116,000 for improving the product mix of all the Center Parcs villages, including €7,291,000 for the French villages, €2,677,000 for the Dutch villages, €2,309,000 for the Belgian villages and €1,839,000 for the German villages,
  - depreciation for the period of €25,254,000;

- **the Pierre & Vacances Tourisme Europe residences and villages,** for a net amount of €70,360,000. Property, plant and equipment mainly comprise general services, fittings and furniture needed for operating the sites.

  During the financial year, the operating companies invested €7,579,000, primarily to modernise existing sites.

  Depreciation for the period stood at €10,917,000.

Investment subsidies are shown as a reduction in the value of the asset for which they were received. At 30 September 2016, the Pierre & Vacances-Center Parcs Group had not recorded any significant amounts for investment subsidies.

Finance leases:

At 30 September 2016, the net amount of "Property, plant and equipment" included €109,035,000 representing the restatement of assets under finance leases, compared with €114,718,000 at 30 September 2015. The corresponding residual financial liability stood at €105,500,000 at 30 September 2016, compared with €107,991,000 at 30 September 2015 (see Note 18 "Financial liabilities").

At 30 September 2016, the line item "Finance leases" includes the following property, plant and equipment items:

- the central facilities of the Domaine Center Parcs du Lac d'Ailette for €107,138,000; the corresponding financial liability amounted to €103,555,000;
- heating systems for cottages for nine Center Parcs sites in Belgium and the Netherlands and a server costing €1,897,000; the corresponding financial liability amounted to €1,946,000 at 30 September 2016.

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 2016, the following companies were consolidated using the equity method:

- entities comprising the Adagio group (50%);
- Villages Nature Group entities (50%, with the exception of SNC Nature Hébergements 1);
- SNC Nature Hébergements 1 (37.5%);
- SDRT-Immo (25%);
- 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%);
- Part House SRL (55%);
- Nuit & Jour Projections SL (50%);
- SNC N.L.D. (50%);
- SCCV Nantes Russeil (50%);
- SNC Caen Meslin (40%);
- SCI Montrouge Développement (50%);
- HNA PV Tourism company limited (40%);
- SCCV Palaiseau RT (50%);
- SCCV Toulouse Pont Jumeaux A1 (50%).

(in € thousands)	30/09/2016	30/09/2015
Villages Nature Paris	4,481	11,391
SDRT-Immo (Morocco)	2,256	2,471
HNA PV Tourism limited company	675	0
Adagio	2,525	659
Other joint ventures	886	493
NET VALUE OF EQUITY-ACCOUNTED INVESTMENTS	**10,823**	**15,014**

In addition, some joint ventures are negative contributors. This was mainly the Financière de Saint Hubert company.

A provision for liabilities was recognised for these companies in the Group's consolidated financial statements. This amounted to €719,000 at 30 September 2016.

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.

2015/2016 Income statement

Condensed income statement of joint ventures (based on 100%) *(in € thousands)*	**Adagio**	**Villages Nature**	**Other**	
Revenue	73,817	59,422	11,392	
Purchases and external services	-46,570	-59,049	-11,342	
Employee expenses	-18,677	-6,022	0	
Depreciation, amortisation and impairment	-2,101	-18,502	0	
Other operating income and expenses from ordinary activities	-469	-451	54	
OPERATING PROFIT (LOSS) FROM ORDINARY ACTIVITIES	**6,002**	**-24,602**	**672**	
Other operating income and expenses	-194	-1,489	0	
OPERATING PROFIT (LOSS)	**5,807**	**-26,091**	**672**	
Costs of net financial debt	-147	-34	395	
Other financial income and expenses	406	7	-437	
FINANCIAL INCOME (EXPENSE)	**258**	**-27**	**-43**	
Tax expense	-1,836	10,166	220	
PROFIT (LOSS) FOR THE YEAR (BASED ON 100%)	**4,230**	**-15,952**	**280**	
				TOTAL
Percentage shareholding (weighted average)	50%	49%	38%	
Group's share of profit (loss)	**2,115**	**-7,786**	**109**	**-5,562**

2014/2015 Income statement

Condensed income statement of joint ventures (based on 100%) *(in € thousands)*	**Adagio**	**Villages Nature**	**Other**	
Revenue	70,305	82,341	8,985	
Purchases and external services	-40,775	-72,914	-8,607	
Employee expenses	-17,036	-4,168	0	
Depreciation, amortisation and impairment	-2,279	-76	-614	
Other operating income and expenses from ordinary activities	-1,972	-1,412	0	
OPERATING PROFIT (LOSS) FROM ORDINARY ACTIVITIES	**8,243**	**3,771**	**-236**	
Other operating income and expenses	-5	0	0	
OPERATING PROFIT (LOSS)	**8,238**	**3,771**	**-236**	
Costs of net financial debt	-149	0	257	
Other financial income and expenses	-213	0	-260	
FINANCIAL INCOME (EXPENSE)	**-362**	**0**	**-2**	
Tax expense	-3,196	-1,367	-199	
PROFIT (LOSS) FOR THE YEAR (BASED ON 100%)	**4,680**	**2,404**	**-438**	
				TOTAL
Percentage shareholding (weighted average)	50%	45%	60%	
Group's share of profit (loss)	**2,340**	**1,072**	**-262**	**3,150**

Statement of financial position at 30 September 2016 (financial data based on 100%)

Assets

(in € thousands)	Adagio	Villages Nature	Other joint ventures
Non-current assets	26,949	32,651	9,038
Current assets	45,352	494,593	36,543
TOTAL ASSETS	**72,300**	**527,244**	**45,582**

Liabilities

(in € thousands)	Adagio	Villages Nature	Other joint ventures
Equity	5,050	11,759	11,029
Non-current liabilities	3,204	63,084	11,247
Current liabilities	64,046	452,401	23,305
TOTAL EQUITY AND LIABILITIES	**72,300**	**527,244**	**45,582**

Statement of financial position at 30 September 2015 (financial data based on 100%)

Assets

(in € thousands)	Adagio	Villages Nature	Other joint ventures
Non-current assets	22,754	15,637	9,894
Current assets	43,328	471,225	27,268
TOTAL ASSETS	**66,082**	**486,862**	**37,162**

Liabilities

(in € thousands)	Adagio	Villages Nature	Other joint ventures
Equity	1,318	27,604	9,815
Non-current liabilities	3,274	51,643	4,944
Current liabilities	61,490	407,615	22,403
TOTAL EQUITY AND LIABILITIES	**66,082**	**486,862**	**37,162**

Note 9 Available-for-sale financial assets

(in € thousands)	30/09/2016	30/09/2015
Gross amount	**1,631**	**1,631**
Accumulated impairment losses	-	-
NET AMOUNT	**1,631**	**1,631**

"Available-for-sale financial assets" primarily represent the 10% equity interest held by Multi Resorts Holding BV for €1,552,000 in Gran Dorado Zandvoort BV, Gran Dorado Port Zélande BV and Medebach Park BV. On 18 July 2006, the Group was required to buy these shares when renegotiating the leases with the new owner of the land and buildings of these three Center Parcs villages.

The other "Available-for-sale financial assets" are equity interests in various companies in which the Pierre & Vacances-Center Parcs Group does not have a controlling interest and over which it does not exercise significant influence.

Note 10 Other non-current financial assets

(in € thousands)	30/09/2016	30/09/2015
Gross loans and other financial assets	25,964	25,299
Accumulated impairment losses	-631	-285
TOTAL	**25,333**	**25,014**

"**Loans and other financial assets**", whose net carrying amount at 30 September 2016 was €25,333,000, consist primarily of guarantee deposits paid to property owners in the amount of €21,317,000 and to lessors and suppliers in the amount of €3,719,000.

Note 11 Inventories and work in progress

(in € thousands)	30/09/2016	30/09/2015
Work in progress	169,389	142,928
Finished goods	33,634	66,702
GROSS PROPERTY DEVELOPMENT PROGRAMMES	**203,023**	**209,630**
Accumulated impairment losses	-1,684	-5,842
NET PROPERTY DEVELOPMENT PROGRAMMES	**201,339**	**203,788**
Other inventories	8,469	9,888
TOTAL	**209,808**	**213,676**

The breakdown of the contribution of each of the property development programmes to the gross amount of the inventories is shown in Note 12.

Note 12 Contribution of property development programmes to the gross amount of inventories

(in € thousands)	Country	Inventories 30/09/2015	Total increases	Total reductions	Inventories 30/09/2016
Center Parcs Allgäu	Germany	12,065	28,151	-342	39,874
Center Parcs-Roybon	France	38,761	1,040	0	39,801
Center Parcs Bois Harcholins	France	22,923	10,690	-15,346	18,267
Center Parcs Port Zelande	The Netherlands	5,522	14,964	-15,264	5,222
Center Parcs Sud Ouest	France	4,194	1,989	0	6,183
Presqu'île de La Touques	France	8,669	5,302	-8,006	5,965
Meribel Ravines	France	2,981	2,048	0	5,029
Ville d'Emerainville (Senioriales)	France	5,111	8,774	-8,881	5,004
Vias (Senioriales)	France	4,799	5,505	-5,349	4,955
Center Parcs-Bois de la Mothe Chandenier	France	10,522	1,429	-7,018	4,933
Center Parcs Poligny (Jura)	France	4,803	120	0	4,923
Center Parcs le Rousset (Saône et Loire)	France	4,723	86	0	4,809
Center Parcs Vielsalm	Belgium	3,856	0	-249	3,607
Center Parcs Bois Francs Foncière	France	501	3,058	0	3,559
Ville de Bruges (Senioriales)	France	694	2,856	0	3,550
Nandy (Senioriales)	France	1,176	2,120		3,296
Pont Aven (Senioriales)	France	3,803	0	-618	3,185
PV Aime La Plagne	France	0	3,000		3,000
Center Parcs Nordseeküste	Germany	1,209	863	0	2,072
Bracieux (Senioriales)	France	2,688	118	-937	1,869
Medis (Senioriales)	France	2,564	6,016	-6,719	1,861
Pringy (Senioriales)	France	2,980	5	-1,142	1,843
Nîmes (Senioriales)	France	975	1,832	-996	1,811
Boulou (Senioriales)	France	3,582	104	-2,185	1,501
Center Parcs Hochsauerland	Germany	187	1,931	-722	1,396
Ville de Manosque (Senioriales)	France	4,394	5,127	-8,164	1,357
Rilleux la Pape (Senioriales)	France	540	599	0	1,139
Charleval (Senioriales)	France	1,479	56	-441	1,094
Lille loisirs	France	5	1,023	-11	1,017
Ville de Cenon (Senioriales)	France	1,921	4,030	-4,973	978
Soustons (Senioriales)	France	266	689	0	955
Pourrières (Senioriales)	France	0	920	0	920
Ville de Marseille (Senioriales)	France	1,856	0	-945	911
Pollestres (Senioriales)	France	559	317	0	876
Avoriaz	France	825	258	-260	823
Cavillargues (Senioriales)	France	1,492	127	-863	756
Juvignac (Senioriales)	France	1,316	0	-661	655
Ville de Saint Avertin (Senioriales)	France	632	0	0	632
Dijon (Senioriales)	France	1,489	2,915	-3,804	600
Manilva	Spain	22,939	0	-22,341	598
Boisroger	France	500	0	0	500
Ville de Mions (Senioriales)	France	449	43	-39	453
Izon	France	1,110	83	-742	451
Flaine Montsoleil Centre	France	7,275	420	-7,295	400
Sannois (Senioriales)	France	0	381		381
Dhuizon Loisirs	France	356	0	0	356

(in € thousands)	Country	Inventories 30/09/2015	Total increases	Total reductions	Inventories 30/09/2016
Center Parcs Chaumont	France	945	181	-844	282
Mordelles (Senioriales)	France	0	270		270
Gonfaron (Senioriales)	France	264	4	-4	264
Montagnac (Senioriales)	France	450	0	-191	259
Teyran (Senioriales)	France	255	0	0	255
Noisy le Grand (Senioriales)	France	0	234		234
Paradou (Senioriales)	France	224	1	-2	223
Saint Palais (Senioriales)	France	0	217		217
Soulac (Senioriales)	France	419	44	-266	197
St Laurent de la Prée (Senioriales)	France	957	0	-768	189
Bassan (Senioriales)	France	516	29	-545	0
La Celle (Senioriales)	France	199	25	-224	0
Perpignan (Senioriales)	France	502	0	-502	0
Colmar Loisirs	France	44	2,886	-2,930	0
St Cast Le Guildo	France	23	3	-26	0
Various property development programmess (individually less than €200,000)		6,140	7,167	-6,042	7,265
SUBTOTAL PROPERTY DEVELOPMENT		**209,630**	**130,050**	**-136,657**	**203,023**

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

- €130,050,000 in increases for the year arising essentially from:
  - work done during the year on the new construction programmes thus creating an increase in gross inventory of €125,905,000.

The main programmes are Center Parcs Allgau (Germany) (€28,151,000), Center Parcs Port Zelande (Netherlands) (€14,964,000), Center Parcs Bois des Harcholins (€10,690,000), Les Senioriales d'Emerainville (€8,774,000), Les Senioriales de Medis (€6,016,000), Les Senioriales de Vias (€5,505,000), Presqu'île de la Touques (€5,302,000), Les Senioriales de Manosque (5,127,000), Les Senioriales de Cenon (€4,030,000), Center Parcs Bois Francs Foncière (€3,058,000), Pierre et Vacances Aime La Plagne (€3,000,000), Les Senioriales de Bruges (€2,856,000) and Center Parcs Hochsauerland (Germany) (€1,931,000),

  - acquisitions of land for new construction programmes totalling €4,145,000. This amount primarily concerns the land acquired for the property development programmes Les Senioriales de Nandy (€1,750,000), Les Senioriales de Nîmes (€1,426,000) and Les Senioriales de Saint Etienne (€969,000);

- reductions due to the sale of property and the recognition of deferred income from new construction or renovation programmes totalling €136,657,000. These reductions are specifically recognised for the following programmes: Manilva (Spain) (-€22,341,000), Center Parcs Bois des Harcholins (-€15,346,000), Center Parcs Port Zelande (Netherlands) (-€15,264,000), Les Senioriales d'Emerainville (-€8,881,000), Les Senioriales de Manosque (-€8,164,000), Presqu'île de la Touques (-€8,006,000), Flaine Montsoleil (-€7,295,000), Center Parcs Bois de la Mothe Chandennier (-€7,018,000), Les Senioriales de Medis (-€6,719,000), Les Senioriales de Vias (-€5,349,000), Les Senioriales de Cenon (-€4,973,000), Center Parcs Vielsalm (-€3,856,000) and Les Senioriales de Dijon (-€3,804,000).

It should be noted that the Pierre & Vacances-Center Parcs Group has inventories relating to the Center Parcs de Roybon programme. With regard to this programme, prefectoral decrees signed in October 2014 authorising the project in terms of the water law and the protected species law were the object of appeals filed by opponents to the project in November 2014.

As mentioned in Note 40 *Events after the 2015/2016 reporting period*, on 22 November 2016, the Lyons Appeals Court decided to set a new date for the examination of the dispute over the Water Law and Protected Species decrees, i.e on 12 December 2016.

Note 13 Trade receivables

(in € thousands)	30/09/2016	30/09/2015
Property development	165,667	122,828
Tourism Business	75,250	92,413
Services	4,794	2,204
GROSS TRADE RECEIVABLES	**245,711**	**217,445**
Property development	-411	-574
Tourism Business	-5,448	-7,148
Services	-179	-189
ACCUMULATED IMPAIRMENT LOSSES	**-6,038**	**-7,911**
TOTAL	**239,673**	**209,534**

At 30 September 2016, the net value of trade receivables had increased by €30,139,000.

This increase was mainly due to property development (€43,002,000), including €47,257,000 relating to the Center Parcs du Bois des Harcholins programme, resulting from the off-plan sale of 141 cottages to MACSF on 24 March 2016.

In contrast, the Tourism business had a €15,463,000 drop in its net receivables reflecting, in particular, the drop in invoices to be raised in respect of reinvoicing owners for renovation works.

The trade receivables ageing schedule is presented in Note 25.

Note 14 Other current assets

14.1 – Other current assets

(in € thousands)	30/09/2016	30/09/2015 restated[1]
Advances and prepayments to suppliers	35,133	50,325[2]
Taxes and duties	90,984	102,864
Other receivables	41,205	40,242[2]
GROSS AMOUNT	**167,322**	**193,431**
Provisions	-1,212	-1,188
NET OTHER RECEIVABLES	**166,110**	**192,243**
Advertising and marketing fees – Tourism Business	0	0
Advertising and marketing fees – Property Development	-1	0
Pre-paid rent expense	19,070	18,933
Other pre-paid expenses	15,449	15,445
PREPAID EXPENSES	**34,518**	**34,378**
TOTAL OTHER CURRENT ASSETS	**200,627**	**226,621**

(1) The data have been restated for the impacts shown in Note 1.3.
(2) "Advances and prepayments to suppliers" includes €32,100,000 previously presented under "Other receivables".

Other current assets amounted to €200,627,000 at 30 September 2016, down €25,994,000 on the 2014/2015 financial year. This change was mainly due to the fall in advances and prepayments to suppliers and in tax receivables.

The "Taxes and duties" line item fell by €11,880,000, mainly following the booking of VAT receivables during 2015/2016.

In the 2015/2016 financial year, the Group transferred its competitiveness and employment tax credit (CICE) for the 2014 calendar year. This transaction, discounted without recourse, made it possible to transfer virtually all the risks and benefits associated with this account receivable, which was, as a result, derecognised from the balance sheet. The transfer was reflected by net proceeds of €4,570,000 in the 2015/2016 financial year.

In addition, the Group instituted proceedings to obtain a VAT refund from the Tax Authorities. There were positive developments in respect of this dispute in the 2015/2016 financial year; on 29 March 2016, the Administrative Court of Appeal upheld the decision handed down by the French Council of State on 24 June 2015 that confirmed every aspect of the Group's analysis. Consequently, no financial risk is anticipated with regard to the amount still due for receivables recognised in this regard.

14.2 – Current financial assets

(in € thousands)	30/09/2016	30/09/2015
External current accounts	29,820	14,596
Loans under the "Ownership & Holidays" programme	7,642	7,906
TOTAL	**37,462**	**22,502**

"Current financial assets" mainly include the debit current accounts of joint ventures as well as several loans under the "Ownership & Holidays" programme.

Note 15 Cash and cash equivalents

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

(in € thousands)	30/09/2016	30/09/2015
Cash	88,419	40,801
Cash equivalents (money market funds and deposits)	130	0
CASH AND CASH EQUIVALENTS	**88,549**	**40,801**
Bank credit balances	-1,124	-1,187
NET CASH AND CASH EQUIVALENTS	**87,425**	**39,614**

Analysis of cash equivalents by type:

(in € thousands)	30/09/2016 Fair value	30/09/2015 Fair value
Money market funds	130	0
Certificates of deposit	-	0
TOTAL	**130**	**0**

The Group invested, through first class banking institutions, in money market funds that comply with the AMF criteria listed in Note 1.17 – Cash and cash equivalents.

Note 16 Group shareholders' equity

Issued capital and share premium

On 30 March 2016, the Chinese group, HNA Tourism, subscribed to a reserved rights issue representing 10% of the capital of Pierre et Vacances SA after the operation, or 980,172 shares at a unit price of €25.18. Once this operation was complete, the individual equity interest and voting rights of S.I.T.I. (the holding company controlled by Gérard Bremond) was 39.83% and 56.42% respectively of Pierre et Vacances SA[10].

Share capital at 30 September 2016 was €98,017,230, divided into 9,801,723 fully paid-up ordinary shares with a par value of €10 each. During the 2015/2016 financial year, the weighted average number of ordinary shares outstanding stood at 9,018,907.

(10) *On the basis of share capital prior to the transaction, comprising 8,821,551 shares, representing 12,856,840 gross voting rights (data at 29 February 2016).*

Potential capital

Analysis of the potential capital and its movements during 2015/2016 and 2014/2015:

	30/09/2016	30/09/2015
Number of shares at 1 October	**8,821,551**	**8,821,551**
Number of shares issued during the year (prorata temporis)	496,800	
Pierre & Vacances shares held by Pierre et Vacances SA	-299,444	-374,986
and deducted from consolidated equity		
Weighted average number of shares	**9,018,907**	**8,446,565**
Dilutive effect		
Pierre & Vacances bonus shares granted	270,206	281,385
Weighted average number of diluted shares	**9,289,112**	**8,727,950**

Treasury shares

In the 2015/2016 financial year, the Pierre et Vacances-Center Parcs Group vested 97,928 treasury shares under employee bonus share plans dating back to 2013.

To support the share price, the Group also sold 3,139 treasury shares for €75,000.

At 30 September 2016, the Group held 272,303 treasury shares for a total value of €5,704,000.

Dividends paid

The Shareholders' Combined Ordinary and Extraordinary Meeting of 4 February 2016 decided not to distribute any dividend for the 2015/2016 financial year.

Note 17 Provisions

(in € thousands)	30/09/2015	Additions	Reversals used	Reversals not used	Other changes	30/09/2016
Provisions for renovations	5,128	1,137	-258	-286	0	5,721
Provisions for retirement and other post-employment benefits	17,704	3,019	-315	0	2,230	22,638
Provisions for legal proceedings	1,870	780	-498	-272	140	2,020
Other provisions	4,101	1,877	-1,672	-774	230	3,762
TOTAL	**28,803**	**6,813**	**-2,743**	**-1,332**	**2,600**	**34,141**
Non-current portion	*21,544*					*26,718*
Current portion	*7,259*					*7,423*

The provisions for renovations represent the Group's contractual commitments and maintenance policy for its leased property (see Note 1.20 – "Provisions").

The €5,338,000 increase in provisions was mainly due to an increase in provisions for end of service awards. Changes in the 2015/2016 financial year are shown in detail at the end of this note.

(in € thousands)	30/09/2016	30/09/2015
Provisions for renovations	5,557	4,985
Provisions for retirement and other post-employment benefits	19,634	14,674
Provisions for legal proceedings	375	250
Provisions for restructuring costs and site closures	80	0
Other provisions	1,072	1,635
NON-CURRENT PROVISIONS	**26,718**	**21,544**
Provisions for renovations	164	143
Provisions for retirement and other post-employment benefits	3,004	3,030
Provisions for legal proceedings	1,645	1,620
Provisions for restructuring costs and site closures	2,471	2,363
Other provisions	139	103
CURRENT PROVISIONS	**7,423**	**7,259**
TOTAL	**34,141**	**28,803**

Provisions for legal proceedings

At 30 September 2015, provisions for legal proceedings amounted to €2,020,000 in total, including €1,645,000 of current provisions and €375,000 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	Property development	Individual employee disputes	Total
Balance at 30 September 2015	**0**	**151**	**1,719**	**1,870**
New legal proceedings	0	50	730	780
Reversals related to expenses for the financial year	-15	-40	-443	-498
Reversals not used	0	0	-272	-272
Reclassifications and changes of scope	145	0	-5	140
BALANCE AT 30 SEPTEMBER 2016	**130**	**161**	**1,729**	**2,020**

At 30 September 2016, 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 restructuring costs and site closures

Provisions for restructuring costs and site closures break down as follows:

(in € thousands)	Financial year 2015/2016	Financial year 2014/2015
Balance of provisions at 1 October	**2,363**	**906**
New restructuring and site closures	1,760	1,635
Reversals related to expenses for the financial year	-1,538	-178
Reversals not used	-34	0
BALANCE OF PROVISIONS AT 30 SEPTEMBER	**2,551**	**2,363**

Provisions for restructuring costs and site closures relate to the reorganisation of some of the Group's activities, as well as its selective lease renewal policy, resulting in the closure of loss-making sites.

Provisions for retirement and other post employment benefits

Provisions for retirement and other post-employment benefits, which, are assessed by independent actuaries, are determined according to the Group's accounting principles and methods (see Note 1.21 – Provisions for retirement and other post-employment benefits). The obligations reported relate primarily to France and the Netherlands. The main actuarial assumptions used by country are as follows:

	30/09/2016		30/09/2015	
	France	The Netherlands	France	The Netherlands
Discount rate	0.75%	0.75%	1.75%	1.75%
Salary increase rate	2.00%	1.90%	2.00%	2.10%
Inflation rate	2.00%	2.00%	2.00%	2.00%

The assumptions for expected long-term return on assets and discount rates used for estimating the Group's obligations have been defined on the basis of recommendations from independent experts. The discount rate is determined by reference to a market rate based on category one European company obligations (Iboxx Corporate AA 10 +).

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

	30/09/2016			30/09/2015		
(in € thousands)	Retirement plans	Other benefits	Total	Retirement plans	Other benefits	Total
Discounted benefit obligation	130,997	6,914	137,911	104,874	6,679	111,553
Fair value of plan assets	115,271		115,271	93,849		93,849
NET LIABILITY RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION	**15,726**	**6,914**	**22,640**	**11,025**	**6,679**	**17,704**

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

	Financial year 2015/2016			Financial year 2014/2015		
(in € thousands)	Retirement plans	Other benefits	Total	Retirement plans	Other benefits	Total
Actuarial liability at 1 October	**11,025**	**6,679**	**17,704**	**15,600**	**5,748**	**21,348**
Current service cost	2,185	549	2,734	2,208	505	2,713
Interest cost	1,872	145	2,017	1,747	104	1,851
Return on plan assets	-1,699	-38	-1,737	-1,541	0	-1,541
Contributions received and benefits paid	-142	-386	-528	-335	-355	-690
Recognised actuarial differences	2,165	-43	2,121	-1,797	-475	-2,272
Past service cost	261	0	261	-4,831	1,175	-3,656
Change in scope of consolidation	60	4	64	-26	-23	-50
ACTUARIAL LIABILITY AT 30 SEPTEMBER	**15,726**	**6,914**	**22,640**	**11,025**	**6,679**	**17,704**

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

(in € thousands)	Financial year 2015/2016	Financial year 2014/2015
Fair value of investments at 1 October	**93,849**	**87,558**
Effective return on plan assets	1,558	1,541
Employer contributions received	-1	491
Contributions received from plan members	591	586
Benefits paid and expenses for the year	-1,878	-1,905
Actuarial differences	21,152	5,578
FAIR VALUE OF INVESTMENTS AT 30 SEPTEMBER	**115,271**	**93,849**

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 €6,019,000. Conversely, a 0.25 point decrease in the asset discount rate would increase the fair value of the plan assets for the year by €6,485,000.

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

(in € thousands)	30/09/2016	30/09/2015
Cash	-	-
Insurance	115,271	93,849
FAIR VALUE	**115,271**	**93,849**

Sensitivity analysis of the discounted value of obligations

The sensitivity of the discounted value of obligations is as follows: a 0.25 point increase in the discount rate would decrease the discounted obligation by €6,932,000. Conversely, a 0.25 point decrease in the discount rate would increase the discounted obligation by €7,489,000.

Note 18 Financial liabilities

Breakdown by type and operating segment:

(in € thousands)	30/09/2016	30/09/2015
Long-term borrowings		
Amounts due to credit institutions	0	21,660
Tourism Business	*0*	*21,660*
Outstanding bond issue	169,382	108,743
Tourism Business	*169,382*	*108,743*
Bridging loans:	6,201	10,511
Property development	*6,201*	*10,511*
Finance leases	103,125	106,246
Tourism Business	*103,125*	*106,246*
Other financial liabilities	6,302	568
Tourism Business	*6,163*	*514*
Property development	*139*	*54*
SUBTOTAL LONG-TERM BORROWINGS	**285,010**	**247,728**
of which Tourism	***278,670***	***237,163***
of which Property development	***6,340***	***10,565***
Short-term borrowings		
Amounts due to credit institutions	4,027	11,824
Tourism Business	*2,522*	*10,319*
Property development	*1,505*	*1,505*
Outstanding bond issue	0	3,959
Tourism Business	*0*	*3,959*
Bridging loans	1,643	3,248
Property development	*1,643*	*3,248*
Finance leases:	3,681	3,459
Tourism Business	*3,681*	*3,459*
Other financial liabilities	0	1
Property development	*0*	*1*
Bank credit balances (including the portion of revolving loans drawn down)	1,124	1,187
Tourism Business	*841*	*1,160*
Property development	*283*	*27*
SUBTOTAL LONG-TERM BORROWINGS	**10,475**	**23,678**
of which Tourism	***7,044***	***18,897***
of which Property development	***3,431***	***4,781***
TOTAL	**295,485**	**271,406**
of which Tourism	***285,714***	***256,060***
of which Property development	***9,771***	***15,346***

Bank borrowings and bridging loans at 30 September 2016 primarily included:

Tourism:

- the ORNANE-type bond issued on 4 February 2014 with a principal amount of €115,000,000 and maturing on 1 October 2019. Bonds redeemable in cash and new or existing shares (ORNANE) are convertible at any time by delivery of a new or existing share. They also give the issuer the option to make a full or partial payment in cash when delivering the share. At 30 September 2016, the liability component amounted to €110,194,000;
- the bond issued in the form of an unlisted "Euro PP" private placement on 19 July 2016 with a principal amount of €60,000,000 and maturing in December 2022. This issue, with a 4.25% coupon, was subscribed for by French institutional investors. At 30 September 2016, this borrowing was recognised in the group's consolidated financial statements as €59,188,000;
- the embedded derivative component of the ORNANE bond, to be recognised under mark-to-market liabilities. Changes in the fair value of this derivative are recognised in financial income (expenses) under a separate item called "Change in the fair value of the ORNANE derivative". At 30 September 2016, the fair value of this derivative was €5,778,000.

The loan agreement signed on 13 February 2014, the final repayment of which was initially scheduled for 19 February 2019, was repaid in advance. A new loan agreement, in the form of a €200 million revolving credit line, was also signed on 14 March 2016. There was no drawdown against this revolving credit line at 30 September 2016.

Property development:

- bridging loans totalling €7,843,000 put in place for property development programmes, the main of which are:
  - €2,116,000 to finance the property development programme of Les Senioriales de Nandy,
  - €1,866,000 to finance the property development programme of Les Senioriales de Bruges residences,
  - €1,642,000 to finance the construction of Les Senioriales de Vias,
  - €1,498,000 for the construction of Les Senioriales ville de Nîmes,
  - €721,000 for the construction of Les Senioriales de Saint Etienne.

Thus, in 2015/2016, the Pierre & Vacances-Center Parcs Group received €65,970,000 in new loans, primarily following the issue of a bond in the form of a "Euro PP" private placement.

During the same period, the Group also repaid loans representing cash outflows of €51,139,000, primarily:

- €31,500,000 corresponding to partial repayment and then early settlement of the syndicated loan;
- €4,019,000 corresponding to the redemption of outstanding OCEANE bonds, net of conversions upon delivery;
- €12,117,000 corresponding to the repayment of various bridging loans.

In addition, the Pierre & Vacances-Center Parcs Group has four other confirmed credit lines, which are broken down as follows:

- €3.5 million due in January 2017;
- €5 million;
- €10 million;
- €15 million due in May 2017.

There was no drawdown against any of these credit lines at 30 September 2016.

4

Analysis of the financial liabilities related to finance leases:

(in € thousands)	30/09/2016	30/09/2015
Le Domaine du Lac de l'Ailette	103,555(1)	105,684
PV SA	1,305(2)	1,714
CPE	1,946(3)	2,220
PV Résidences & Resorts France	0	87
TOTAL	**106,806**	**109,705**

(1) The underlying net asset (€107,138,000 at 30 September 2016) is recorded in property, plant and equipment (see Note 7).
(2) The underlying net asset (€1,256,000 at 30 September 2016) is recorded in intangible assets (see Note 5).
(3) The underlying net asset (€1,897,000 at 30 September 2016) is recorded in intangible assets (see Note 7).

Breakdown by maturity

Breakdown of the change in maturity of gross borrowings and other financial liabilities:

	Balance *(in € thousands)* at	
Maturities	**30/09/2016**	**30/09/2015**
Year N+1	10,475	23,678
Year N+2	7,642	20,066
Year N+3	4,344	13,608
Year N+4	118,906(1)	7,319
Year N+5	3,033	111,688
Year > N+5	151,085(2)	95,047
TOTAL	**295,485**	**271,406**

(1) Including €110,194,000 for ORNANE redemptions.
(2) Including €91,373,000 for finance leases and €59,188,000 for Euro PP-type bonds.

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 2016 relate to restatements of finance leases and bond issues. The nominal amount of the fixed-rate borrowings was €276,188,000. The majority of these borrowings carry interest at percentages between 3.33% and 6.02%.

Issue date	Maturity date	Principal amount outstanding at 30/09/16 *(in € millions)*	Interest rate
Finance leases:			
21/09/2005	31/12/2038	103.6	6.02%
01/10/2009	30/07/2019	1.3	6.00%
01/10/2014	31/12/2024	1.8	6.00%
01/01/2015	31/12/2017	0.2	3.33%
Outstanding bond issue			
04/02/2014	01/10/2019	110.2	3.50%
19/07/2016	31/12/2022	59.2	4.25%
TOTAL		**276.2**	

Variable rate

The principal amount of variable rate bank borrowings and bridging loans is €9,343,000 with a variable 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 set up interest rate swap contracts (the features of which are described in Note 20 – "Hedging instruments".

In 2015/2016, due to the fact that market rates continued to be very low and as a result of the change in the type of corporate loan (now a revolving credit line), the group unwound all the hedging instruments that it held at 1 October 2015.

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

Borrowings, bridging, loans and leases		Hedging	
Issue date	Maturity date	Principal amount outstanding at 30/09/2016 *(in € millions)*	Interest rate
Amounts due to credit institutions:			
10/06/2011	30/12/2016	1.5	3-month Euribor + margin
SUB-TOTAL		**1.5**	
Bridging loans:			
22/01/2016	22/01/2018	2.1	3-month Euribor + margin
31/01/2016	31/01/2018	1.9	3-month Euribor + margin
23/09/2014	31/12/2016	1.6	3-month Euribor + margin
18/11/2015	18/11/2018	1.5	3-month Euribor + margin
01/07/2016	01/07/2018	0.7	3-month Euribor + margin
SUB-TOTAL		**7.8**	
TOTAL		**9.3**	

Collateral

(in € thousands)	30/09/2016	30/09/2015
Guarantees and pledges	174,810	170,906
Mortgages	6,365	10,800
TOTAL	**181,175**	**181,706**

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

- a first call guarantee of €167,485,000 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 – Bruges for €3,365,000,
  - Les Senioriales – Nîmes for €3,000,000.

Breakdown of the change in maturity of collateral:

	Balance *(in € thousands)* **at**	
Maturities	30/09/2016	30/09/2015
Year N+1	3,874	10,221
Year N+2	10,923	7,624
Year N+3	7,451	3,848
Year N+4	4,351	4,086
Year N+5	4,609	4,351
Year > N+5	149,967	151,576
TOTAL	**181,175**	**181,706**

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:

		30/09/2016	30/09/2015
(in € thousands)	**IAS 39 category**	Carrying amount(1)	Carrying amount(1)
ASSETS			
Non-current financial assets		26,964	26,644
Available-for-sale financial assets	Available-for-sale financial assets at fair value through other comprehensive income	1,631	1,631
Loans and other financial assets	Loans and receivables at amortised cost	25,333	25,013
Trade receivables	Loans and receivables at amortised cost	239,673	209,534
Other current assets(2)	Loans and receivables at amortised cost	39,992	39,054
Current financial assets	Loans and receivables at amortised cost	37,462	22,502
Cash and cash equivalents	Financial assets at fair value through profit or loss(3)	88,549	40,801
LIABILITIES			
Financial liabilities (including short-term portion)		295,484	270,219
Amounts due to credit institutions	Financial liabilities at amortised cost	4,027	33,484
Outstanding bond issue	Financial liabilities at amortised cost	169,382	112,702
Cash redemption option for the ORNANE bond	Financial liabilities at fair value through profit or loss	5,778	23
Finance leases	Financial liabilities at amortised cost	106,806	109,705
Other financial liabilities	Financial liabilities at amortised cost	8,367	14,328
Other non-current liabilities	Financial liabilities at amortised cost	862	1,963
Trade payables	Financial liabilities at amortised cost	298,402	331,973
Other current liabilities(2)	Financial liabilities at amortised cost	121,735	120,351
Bank credit balances	Financial liabilities at amortised cost	1,124	1,187
Other current financial liabilities	Financial liabilities at amortised cost	21,940	9,663
Derivative financial instruments – liabilities	See Note 20 – Hedging financial instruments	0	298

(1) The fair values of financial assets and financial liabilities do not differ significantly from the carrying amounts.
(2) Other current assets and other current liabilities are restated from items not considered to be financial instruments within the meaning of IAS 39, that is to say advances and prepayments to suppliers, advances and deposits on orders in progress, receivables from and payables to the state, prepayments and deferred income.
(3) These assets are measured on the basis of their value on the regulated market.

Note 20 Hedging instruments

The Group's policy is to reduce its exposure to interest rate fluctuations when these are highly volatile or are expected to rise sharply. To this end, the Group may use derivative hedging instruments such as interest rate swaps or interest rate caps.

The derivative instruments contracted are intended exclusively for the management of interest rate risk and are deemed to be derivatives designated as cash flow hedging instruments.

In 2015/2016, following the early repayment of the corporate loan in March 2016, the group unwound all swaps held up to that point.

As a result, in the absence of any expected rises in interest rates, the group did not contract any new hedging instruments.

Note 21 Market risks

Cash flow management

Cash flow is managed centrally by the specialist staff of the Pierre & Vacances-Center Parcs Group's Finance Department. The surplus cash of subsidiaries is paid into the Group's centralising entity (Pierre & Vacances FI) which redistributes them to the entities that need them and may, depending on projected market trends, invest the balance in "Euro Money Market" instruments to maximise liquidity and comply with the counterparty risk management policy. This centralisation means that financial resources are optimised and the main Group entities' cash flow trends are closely monitored.

Counter-party risk

These operations are carried out with banks authorised by Executive Management in line with the counter-party risk management policy. Because of the diversity of counter-parties, selected from leading banks according to their rating and the knowledge the Group has of them, Pierre & Vacances-Center Parcs considers that it is not exposed to a concentration of credit risk. Since Pierre & Vacances-Center Parcs Group Executive Management would like to be able to access, at any moment, any available cash equivalents consisting of unit trusts and mutual investment funds, these investments are short-term (less than three months) and liquid.

Credit risk

Because of the Group's marketing rules concerning the sale of property (selling off-plan), this activity does not pose any significant risks relating to these trade receivables.

In the tourism business, risk of non-payment by customers is low, with over 72% of revenue achieved by direct sale, whereby the payment for services occurs before these services are provided.

Group policy for indirect sales is to work with major market players, diversify its portfolio of tour operators and travel agencies, use agreements drawn up by the Legal Department assisted by its counsels, and check the solvency of the counter-parties.

Capital management

The Group capital management objective is to ensure operational continuity, the profitability of shareholders' capital, and the reliability of partner relationships and to maintain an optimal capital structure in order to limit the cost of committed funds.

To maintain or adjust the committed funds structure, the Group can issue new debt or repay existing debt, adjust the amount of dividends paid to shareholders, make a capital repayment to shareholders, issue new shares, repurchase existing shares or dispose of assets in order to reduce its debt.

The Group communicates on its debt ratio (net debt/equity), a capital control indicator.

Given the fact that the Pierre & Vacances-Center Parcs Group does not aim to own the residences and villages it develops and operates, its exposure to capital risk is therefore limited.

Liquidity risk

At 30 September 2016, the Pierre & Vacances-Center Parcs Group's net cash and cash equivalents balance stood at €87,425,000. This balance equals the gross amount of cash and cash equivalents (€88,549,000) less bank overdrafts (€1,124,000).

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 2016. The Group has therefore no liquidity risk.

Analysis of assets and liabilities associated with financing activities at 30 September 2016:

		Maturities		
	30/09/2016	< 1 year	1 to 5 years	> 5 years
Amounts due to credit institutions	4,027	4,027	0	0
Outstanding bond issue	169,382	0	110,194	59,188
Finance leases	106,806	3,681	11,752	91,373
Other financial liabilities	14,145	1,643	11,979	523
Bank credit balances	1,124	1,124	-	-
Gross financial liabilities excluding impact of derivatives	**295,484**	**10,475**	**133,925**	**151,084**
Derivative financial instruments – liabilities	0	0	-	-
Gross financial liabilities	**295,484**	**10,475**	**133,925**	**151,084**
Cash equivalents	-130	-130	-	-
Cash assets	-88,419	-88,419	-	-
Net financial debt	**206,935**	**-78,074**	**133,925**	**151,084**

None of the Pierre & Vacances-Center Parcs Group's bank borrowings are based on its debt rating. Contracts governing the Corporate loan and the credit lines contain standard clauses referring to the consolidated financial position of the Group.

The definition and levels of the ratios, also called financial covenants, are fixed in advance in agreement with the lenders. Compliance with the ratios is assessed only once a year at the reporting date. Failure to comply with these ratios authorises the lenders to call in some or all of the debt early.

The loans are all accompanied by the usual legal clauses: "negative pledge", "pari passu" and "cross default".

In the context of the refinancing of the Corporate loan in March 2016, a single ratio is now monitored: net adjusted financial liabilities/EBITDAR (net adjusted financial liabilities = Group net borrowings plus rent commitments over the next five years, discounted at 6.0%); EBITDAR = Group consolidated operating profit (loss) from ordinary activities plus net additions to depreciation/amortisation, provisions and impairment losses, and share-based payment expenses, before rent expense for the financial year (excluding registered offices). This ratio has to remain less than or equal to 3.35 with respect to the 2015/2016 financial year, in accordance with the loan agreement signed in March 2016.

This covenant is calculated contractually only once a year, at 30 September. The Pierre & Vacances-Center Parcs Group complied with this ratio at 30 September 2016.

At 30 September 2016, contractual interest payments not discounted on financial liabilities outstanding, by maturity date, were as follows:

		Maturities		
	30/09/2016	< 1 year	1 to 5 years	> 5 years
Contractual interest payments not discounted on outstanding financial liabilities	**121,389**	**14,920**	**46,532**	**59,937**

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 2016:

(in € thousands)	30/09/2016	Maturities < 1 year	1 to 5 years	> 5 years
Fixed-rate borrowings	276,188	3,681	121,946	150,561
Variable-rate borrowings	9,348	3,147	6,201	0
Other liabilities	6,302	0	5,778	524
Accrued interest expense	2,522	2,522	-	-
FINANCIAL LIABILITIES	**294,360**	**9,350**	**133,925**	**151,085**
Fixed-rate loans	7,953	516	2,412	5,025
Variable-rate loans	0	-	-	-
Variable-rate cash equivalents	130	130	-	-
FINANCIAL ASSETS	**8,083**	**646**	**2,412**	**5,025**

The variable rate net position after management at 30 September 2016 was as follows:

(in € thousands)	30/09/2016
Borrowings	9,348
Loans	0
Cash equivalents	130
Net position before management	**9,218**
Hedging	
NET POSITION AFTER MANAGEMENT	**9,218**

A 1% increase or decrease in short-term rates would have an effect of -€0.09 million and +€0.09 million, respectively, on net financial expenses for 2015/2016, compared with -€25.8 million of net financial expenses for 2015/2016.

Foreign exchange risk

The majority of the Group's assets and liabilities are denominated in euros. Only some subsidiaries have cash flows denominated in other currencies. As these subsidiaries are only small, the Group is not exposed to changes in foreign currency rates.

Note 22 Trade payables

(in € thousands)	30/09/2016	30/09/2015
Tourism Business	244,865	258,828
Property development	40,251	61,635
Services	13,286	11,510
TOTAL	**298,402**	**331,973**

"Trade payables" fell by €33,571,000. This decrease was mainly due to the group's property development business (-€21,384,000) and primarily concerns the Center Parcs Domaine du Bois aux Daims property development programme (-€21,810,000), and, to a lesser extent, the Presqu'île de La Touques property development programme (-€5,965,000).

The trade payables ageing schedule is presented in Note 25.

Note 23 Other current and non-current liabilities

23.1 – Other current and non-current liabilities

(in € thousands)	30/09/2016	30/09/2015
Advances and deposits on orders in progress	106,882	109,639
VAT and other tax liabilities	70,785	59,774
Employee and social security liabilities	60,225	62,207
Lease liabilities	862	1,963
Other liabilities	61,510	58,144
OTHER OPERATING LIABILITIES	**300,264**	**291,727**
Property sales and support funds	102,947	76,263
Other deferred income	16,251	19,012
DEFERRED INCOME	**119,198**	**95,275**
TOTAL OTHER LIABILITIES	**419,462**	**387,002**
Other financial liabilities	418,600	385,039
Other non-current liabilities	862	1,963

The €32,460,000 increase in "Other current and non-current liabilities" is mainly due to the property development business. It is directly linked to the increase in input VAT liabilities, primarily relating to the Center Parcs Bois des Harcholins programme, as a result of the off-plan sale of 163 cottages to MASCF on 24 March 2016.

23.2 – Current financial liabilities

(in € thousands)	30/09/2016	30/09/2015
External current accounts	21,940	9,663
Hedging financial instruments	0	298
	21,940	**9,961**

Current financial liabilities mainly relate to current accounts with third parties linked to the Group or partners. The €11,979,000 increase in current financial liabilities is due to the current account increase in respect of the parent company, S.I.T.I.

Note 24 Change in working capital requirements

Change in working capital requirement for 2015/2016:

		30/09/2015 restated*	Activity-related changes	Other changes	30/09/2016
Net inventory value		213,676	-4,371	503	209,808
Trade receivables		209,534	29,556	583	239,673
Other current assets		249,123	-11,255	221	238,089
TOTAL WORKING CAPITAL REQUIREMENTS – ASSETS	**A**	**672,333**	**13,930**	**1,307**	**687,570**
Trade payables		331,973	-36,452	2,881	298,402
Other current and non-current liabilities		396,963	42,318	2,121	441,402
TOTAL WORKING CAPITAL REQUIREMENTS – LIABILITIES	**B**	**728,936**	**5,866**	**5,002**	**739,804**
WORKING CAPITAL REQUIREMENTS	**A-B**	**-56,603**	**8,064**	**-3,695**	**-52,234**
including change in non-operating receivables and payables			*119*		
including change in operating receivables and payables			*7,945*		

* *The data have been restated for the impacts shown in Note 1.3.*

Other changes mainly include reclassifications of statement of financial position items, as well as the impact of fluctuations in exchange rates and changes in Group structure.

Note 25 Maturity of receivables and liabilities

(in € thousands)	30/09/2016	Amounts not yet due or due for < 1 year	Amounts due between 1 and 5 years	Amounts due in > 5 years
Other non-current financial assets	25,333	25,211	118	4
Trade receivables (net)	239,673	239,673	-	-
Other current assets and current financial assets	238,089	238,089	-	-
TOTAL	**503,095**	**502,973**	**118**	**4**
Other non-current liabilities	862	862	-	-
Trade payables	298,402	298,402	-	-
Other current liabilities and current financial liabilities	440,540	438,163	1,828	549
TOTAL	**739,804**	**737,427**	**1,828**	**549**

Analysis of the main profit and loss items

Note 26 Revenue

(in € thousands)	Financial year 2015/2016	Financial year 2014/2015
Tourism Business	1,225,761	1,155,723
Pierre & Vacances Tourisme Europe[(1)]	*581,772*	*569,519*
Center Parcs Europe[(2)]	*643,989*	*586,204*
Property development	146,863	226,740
TOTAL	**1,372,624**	**1,382,463**

(1) Pierre & Vacances Tourisme Europe includes Pierre & Vacances, Maeva and Aparthotels Adagio.
(2) Center Parcs Europe houses the Center Parcs and Sunparks brands.

Revenue by country

(in € thousands)	Financial year 2015/2016	Financial year 2014/2015
France	764,931	731,542
The Netherlands	209,733	202,853
Belgium	107,690	99,937
Germany	107,056	98,042
Spain	36,274	23,274
Italy	52	52
Other	26	23
TOURISM BUSINESS	**1,225,762**	**1,155,723**
France	116,766	210,077
Germany	1,526	14,147
Spain	21,377	1,885
The Netherlands	4,657	355
Morocco	0	276
China	2,536	0
PROPERTY DEVELOPMENT	**146,862**	**226,740**
TOTAL	**1,372,624**	**1,382,463**

Revenue in France, where the registered office is located, amounted to €881,697,000.

Note 27 Purchases and external services

(in € thousands)	Financial year 2015/2016	Financial year 2014/2015
Cost of goods sold – Tourism	-41,440	-34,470
Cost of inventories sold – Property development	-66,718	-147,324
Rent and other co-ownership expenses	-451,593	-451,092
Subcontracted services (laundry, catering, cleaning)	-79,275	-74,331
Advertising and fees	-125,649	-110,271
Other (including holiday purchases)	-177,627	-166,001
TOTAL	**-942,302**	**-983,489**

The €41,187,000 drop in purchases and external services is mainly linked to the property development business (€80,606,000 drop in the cost of inventories sold).

Rent expense for 2015/2016 to individual and institutional owners of the land and buildings of the residences and villages operated by the Group was €366.2 million (€171.4 million for those marketed under Pierre & Vacances Tourisme Europe); and €194.8 million for Center Parcs Europe villages). This expense was €362.7 million for 2014/2015 (€182.9 million for those marketed under Pierre & Vacances Tourisme Europe; and €179.8 million for Center Parcs Europe villages).

Note 28 Employee expenses

(in € thousands)	Financial year 2015/2016	Financial year 2014/2015
Salaries and wages	-245,851	-236,799
Social security expenses	-74,396	-72,546
Defined-contribution and defined-benefit plan expenses	-2,425	2,102
Share-based payment expenses	-1,490	-631
TOTAL	**-324,162**	**-307,874**

Employee expenses amounted to €324,162,000 in 2015/2016, up by €16,288,000 compared with 2014/2015. This change was in line with the Group's expansion in Spain, as well as the annualisation of the operations of Center Parcs du Domaine du Bois aux Daims, opened on 29 June 2015.

This amount also included the recognition of accrued income for €5,706,000 corresponding to the competitiveness and employment tax credit (*Crédit d'Impôt pour la Compétitivité et l'Emploi* – CICE), compared with €5,451,000 for the previous financial year.

Share-based payment expenses

The features of the plans reported are as follows:

				Share-based payment expenses	
Date of grant by the Board of Directors *(in € thousands)*	**Type**[1]	**Number of options granted**	**Vesting period**	**Financial year 2015/2016**	**Financial year 2014/2015**
03/03/2011	OAA	222,500	4 years	-	-261
28/05/2013	AGA	229,778	3 years	-73	-289
03/09/2013	AGA	13,333	3 years	-4	-18
02/12/2013	AGA	15,555	3 years	-18	-69
26/05/2014	AGA	20,889	3 years	-106	-106
02/12/2014	AGA	2,222	3 years	-11	-9
04/02/2016	AGA	302,500	3 years	-1,278	-
TOTAL		**806,777**		**-1,490**	**-752**

(1) OAA: share purchase option.
(1) AGA: bonus share grant.

The employee expense recognised is the fair value of the options granted as calculated on the date of grant by the Board of Directors using the "Black & Scholes" method. This expense is spread over the vesting period along with corresponding increases in reserves.

The following table presents the valuation assumptions and results for share options and bonus shares:

	Share price on date of grant	Exercise Price	Volatility	Expected life	Expected maturity	Risk-free rate	Expected dividend yield rate	Probability of beneficiaries leaving	Option value on date of grant
Plan 03/03/2011	€63.50	€63.93	36.80%	10 years	4 years	3.65%	3.19%	3%	€17.58
Plan 28/05/2013	€16.15	€0	36%	3 years	3 years	0.493%	2.5%	3%	€3.27
Plan 03/09/2013	€15.95	€0	37%	3 years	3 years	0.702%	2.5%	3%	€3.09
Plan 02/12/2013	€23.46	€0	39%	3 years	3 years	0.450%	2.17%	3%	€9.21
Plan 26/05/2014	€32.41	€0	42%	3 years	3 years	0.559%	0.2%	3%	€13.21
Plan 02/12/2014	€22.87	€0	41%	3 years	3 years	0.210%	0.0%	3%	€10.39
Plan 04/02/2016	€27.79	€0	38.7%	3 years	3 years	-0.087%	0.0%	3%	€12.93

Note 29 Depreciation, amortisation and impairment

(in € thousands)	Financial year 2015/2016	Financial year 2014/2015
Depreciation	-42,269	-43,776
Additions to provisions	-19,862	-19,066
TOTAL	**-62,131**	**-62,842**

Depreciation, amortisation and impairment amounted to -€19,862,000 in the 2015/2016 financial year. This includes €15,000 for the reversal of unused provisions; there were no reversals of unused provisions in the 2014/2015 financial year.

Note 30 Other operating income and expenses from ordinary activities

(in € thousands)	Financial year 2015/2016	Financial year 2014/2015 restated*
Taxes and duties	-8,429	-13,966
Other operating expenses on ordinary activities	-11,158	-11,232
Other operating income from ordinary activities	17,488	13,099
TOTAL	**-2,099**	**-12,099**

* *The data have been restated for the impacts shown in Note 1.3.*

"Taxes and duties" comprise tax expense and operational taxes, such as payroll taxes (learning tax, training tax), real estate taxes and television licence fees. The sharp drop recorded in 2015/2016 primarily related to television licence fees and, to a lesser extent, to corporate real estate tax.

Generally speaking, "Other operating income from ordinary activities" and "Other operating expenses on ordinary activities" comprise subsidies and insurance reimbursements, as well as some registered office expenses. For the 2015/2016 financial year, they also included the Group's share of the profit on the renovation of Center Parcs de Port Zélande, in the Netherlands.

Note 31 Other operating income and expenses

(in € thousands)	Financial year 2015/2016	Financial year 2014/2015
Restructuring costs and site closures	-3,120	-2,469
Gains (losses) on disposals	-445	-917
Net additions to (reversals of) provisions for restructuring costs	-139	-1,622
Provision for impairment loss on non-current assets	17	-112
Other	-734	-288
TOTAL	**-4,421**	**-5,408**

"Other operating income and expenses" represent expenses of €4,421,000. They mainly comprise the cost of closing loss-making sites (-€2,672,000), as well as the cost of provisions relating to the reorganisation of some of the Group's activities (-€1,122,000).

For 2014/2015, this item represented an expense of €5,408,000, mainly comprising restructuring costs and provisions due to the continuation and strengthening of the transformation plan.

Note 32 Financial income (expense)

(in € thousands)	Financial year 2015/2016	Financial year 2014/2015
Gross borrowing costs	-20,045	-20,100
Income from cash and cash equivalents	759	525
NET BORROWINGS COSTS	**-19,286**	**-19,575**
Income from loans	960	977
Other financial income	526	2,546
Other financial expenses	-2,215	-2,034
Change in the fair value of the ORNANE derivative	-5,755	1,150
OTHER FINANCIAL INCOME AND EXPENSES	**-6,484**	**2,639**
TOTAL	**-25,770**	**-16,936**
Total financial expenses	*-28,020*	*-22,136*
Total financial income	*2,250*	*5,200*

Net financial expenses totalled €25,770,000 in 2015/2016, compared with €16,936,000 in 2014/2015.

They include a €5,755,000 financial expense with no impact on cash corresponding to a change in the fair value of the ORNANE derivative. This change in fair value had generated income of €1,150,000 in 2014/2015.

In addition, net financial income was negatively impacted by non-recurring expenses of €1,146,000 related to the early repayment of the corporate loan signed in February 2014. Conversely, net financial income for 2014/2015 included income of €878,000 corresponding to interest received in connection with a corporate real estate tax rebate.

Restated for these items, net recurring financial expenses totalled €18,869,000 in 2015/2016, compared with €18,964,000 in 2014/2015.

Note 33 Income tax and deferred tax

Breakdown of the tax expense

The Group's tax expense is based on a tax rate of 34.43% and does not therefore include the additional contribution which has applied to companies reporting revenue greater than €250 million since 2011. This additional contribution had no impact on the Group's financial statements for 2015/2016, since the Group generated a tax loss in France for the reporting period in question.

(in € thousands)	Financial year 2015/2016	Financial year 2014/2015 restated(1)
Consolidated profit (loss) before tax	**11,739**	**-6,185**
Untaxed income:		
Impact of losses carried forward and other temporary differences not recognised or exceeding thresholds	17,012	3,000
Use of recognised tax loss carryforwards	-6,003	-6,326
Intra-group transactions having a tax impact	11,967	4,252
Other	913	1,116
Taxable income (loss) at tax rate applicable in France	**35,629**	**-4,143**
Tax rate in France	34.43%	34.43%
Theoretical tax benefit at corporate tax rate applicable in France	**-12,267**	**1,426**
Differences on tax rates abroad(2)	2,252	-1,128
CVAE	-3,752	-4,312
Other	80	-4,385
GROUP TAX INCOME (EXPENSE)	**-13,687**	**-8,399**
of which tax payable (including CVAE)	-16,478	-15,716
of which deferred taxes	2,791	7,317

(1) The data have been restated for the impacts shown in Note 1.3.
(2) Primarily the Netherlands where the tax rate is 25%.

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 having a tax impact mainly correspond to gains on intra-group disposals which are taxable but have no impact on the consolidated profit (loss) before tax.

Other non-taxable items amounted to €913,000 for 2015/2016 and mainly correspond to non-deductible financial expenses, as well as the change in the fair value of the ORNANE bond and the competitiveness and employment tax credit.

In addition, further to the rulings handed down in July 2013 by the Administrative Court of Montreuil, Pierre et Vacances SA obtained a favourable outcome to its dispute with the French Tax Authorities relating to a tax inspection for the financial years 2003/2004, 2004/2005 and 2005/2006. On 17 March 2016, the Administrative Court of Versailles handed down two rulings upholding the company's position. This confirms Pierre & Vacances-Center Parcs's assessment of the absence of financial risk attached to this dispute. Nevertheless, on 19 May 2016, the French Tax Authority lodged an appeal before the Council of State. It remains to be seen whether the application will be allowed by the Council of State.

In addition, with regard to the tax adjustment received in August 2015 from the Dutch Tax Authority in connection with operational transfer prices, a mutual agreement procedure between the Dutch, Belgian and German tax administrations was launched. The parties eventually came together and a settlement was agreed with the Dutch tax administration, generating a tax expense of €1.5 million and putting an end to all the disputes regarding tax liability in the Netherlands.

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)	30/09/2015 restated*	Change through profit or loss	Change through other comprehensive income or loss	Change in scope of consolidation	30/09/2016
France	5,987	955	-77	-229	6,636
The Netherlands	-18,765	807	546	0	-17,412
Belgium	-680	2,487	3	0	1,810
Germany	367	202	0	0	569
Spain	502	-765	0	0	-263
Italy	175	0	0	0	175
China	0	21	0	0	21
Deferred taxes on temporary differences	**-12,414**	**3,707**	**472**	**-229**	**-8,464**
France	80,268	0	0	0	80,268
Belgium	5,762	-1,145	0	0	4,617
Germany	4,467	-937	0	0	3,530
Spain	2,322	1,170	0	0	3,492
Deferred tax on losses carried forward	**92,819**	**-912**	**0**	**0**	**91,907**
TOTAL	**80,405**	**2,795**	**472**	**-229**	**83,443**
of which deferred tax assets	87,560				89,739
of which deferred tax liabilities	-7,155				-6,296

* *The data have been restated for the impacts shown in Note 1.3.*

At 30 September 2016, the Group's net deferred tax position amounted to €83,443,000, -€8,464,000 of which represent temporary differences. This amount primarily includes a €21,468,000 deferred tax liability recognised in the Netherlands for the Center Parcs brand (estimated at €85,870,000).

Deferred taxes recognised with respect to tax losses amounted to €91.9 million, including €80.3 million in respect of tourism and property development activities carried out by the Group in France.

Losses carried forward are only recognised as deferred tax assets when the business plan confirms that they will be used within a reasonable time frame. At 30 September 2016, a reasonable time frame is set at within six years.

The tax rules applicable at the reporting date, namely those approved at 30 September 2016, were used to calculate the amount of deferred taxes.

In addition, it should be noted that the amount of tax losses which may be used in France is subject to a ruling limiting the crediting of taxable losses to 50% of the profit beyond the first €1 million and in Germany, up to 60% of the profit beyond the first €1 million and in Spain, up to 50% of the profit for tax purposes.

Unused losses carried forward totalled €224.1 million. This relates to the French tax consolidation group for an amount of €121.1 million.

Note 34 Earnings per share

Average number of shares

	Financial year 2015/2016	Financial year 2014/2015
Number of shares outstanding at 1 October	8,821,551	8,821,551
Number of shares issued during the financial year	496,800	0
Number of shares issued at the end of the period	**9,318,351**	**8,821,551**
Weighted average number of shares	9,018,907	8,446,565
Weighted average number of potential shares	9,289,112	8,727,950

The various dilutive instruments included in calculating the weighted average number of shares after dilution are presented below:

Number of bonus shares (AGA), share subscription options (OSA) and share purchase options (OAA) granted by the Board of Directors:	Type	Exercise price *(in €)*	Financial year 2015/2016	Financial year 2014/2015
Granted on 28/05/2013 and outstanding	AGA	0	61,148	229,768
Granted on 03/09/2013 and outstanding	AGA	0	3,548	13,333
Granted on 02/12/2013 and outstanding	AGA	0	4,140	15,555
Granted on 26/05/2014 and outstanding	AGA	0	20,889	20,889
Granted on 02/12/2014 and outstanding	AGA	0	2,222	1,840
Granted on 02/02/2016 and outstanding	AGA	0	178,259	
		-	270,206	281,385

Earnings per share

	Financial year 2015/2016	Financial year 2014/2015 restated(1)
Profit (loss) attributable to owners of the Company *(in € thousands)*	-7,432	-11,536
Weighted basic earnings (loss) per share, attributable to owners of the Company *(in €)*	-0.82	-1.37
Weighted diluted earnings (loss) per share, attributable to owners of the Company *(in €)*(2)	-0.82	-1.37

(1) The data have been restated for the impacts shown in Note 1.3.

(2) The conversion of potential ordinary shares into ordinary shares would decrease the net loss per share. Therefore, in accordance with IAS 33, diluted earnings (loss) per share is equal to basic earnings (loss) per share.

Other financial information

Note 35 Number of employees

For the last two financial years, the average annual number of employees (full-time equivalent) of Pierre & Vacances-Center Parcs Group companies that are fully consolidated stood as follows:

	Financial year 2015/2016	Financial year 2014/2015
Management	1,249	1,232
Supervisory staff and other employees	6,106	5,911
TOTAL	**7,355**	**7,193**

Note 36 Off-statement of financial position commitments

The collateral granted by the Group to secure its bank loans and reciprocal commitments are detailed respectively in Note 18 – Financial liabilities and Note 20 – Hedging instruments. They are therefore not included in the table below:

	Maturities				
(in € thousands)	<1 year	1 to 5 years	>5 years	30/09/2016	30/09/2015
Rent commitments	308,445	1,043,545	741,916	2,093,906	2,284,589
Other commitments given	30,891	24,315	4,781	59,987	103,221
Commitments given	**339,336**	**1,067,860**	**746,696**	**2,153,893**	**2,387,810**
Completion guarantees	17,488	13,599	0	31,087	33,612
Other commitments received	401	115	34,198	34,714	50,383
Commitments received	**17,889**	**13,714**	**34,198**	**65,801**	**83,995**

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 2016, the rent remaining to be paid by the Group over the residual term of these leases amounted to €2,094 million. The present value of these rent commitments, discounted at a rate of 6.0%, is €1,627 million, of which €1,149 million has a maturity of five years or less.

Breakdown of rent commitments by business segment and maturity date at 30 September 2016:

		Maturities					
(in € thousands)	30/09/2016	< N+1	N+2	N+3	N+4	N+5	> N +5
Pierre & Vacances Tourisme Europe	655,359	128,239	110,490	95,062	85,040	71,794	164,733
Center Parcs Europe	1,438,547	180,206	183,126	181,127	159,681	157,225	577,182
TOTAL	**2,093,906**	**308,445**	**293,616**	**276,189**	**244,721**	**229,019**	**741,915**

Lease agreements for the Pierre & Vacances Tourisme Europe residences and villages entered into with private or institutional investors are usually signed for between 9 and 12 years with the option of renewal on expiry. The leases signed include a fixed rent payment. In certain cases, they can include, in addition to the fixed portion, a variable portion that remains marginal. These rents are subject to indexation clauses corresponding in France to the rent reference index and in Spain to the consumer price index applicable in the respective country.

The agreements to lease the land and buildings of the 24 villages operated under the Center Parcs and Sunparks brands are generally signed for periods of between 11.5 and 15 years, with the option of renewal. The rents are primarily comprised of a fixed element. They are subject to fixed (2.9%) or variable indexation reflecting inflation or the rent reference index applicable in the country in which the assets are located, with floor and ceiling rates usually between 1.75% and 3.75%, depending on the agreement.

- At 30 September 2016 other commitments given mainly comprised:
  - commitments given under the IT solutions and material outsourcing contract, totalling €30,960,000;
  - a €5,244,000 guarantee issued by Pierre et Vacances SA to the town of Deauville, on behalf of SNC Presqu'île de la Touques for the acquisition of a property complex;
  - a surety bond of €1,697,000 issued by Pierre et Vacances SA to Bellin, on behalf of SNC Bois de la Mothe Chandenier Cottages for the payment of exterior work contracts for Center Parcs in the Vienne region;
  - a €1,555,000 guarantee issued by Pierre et Vacances SA to Bellin, on behalf of SNC Bois de la Mothe Chandenier Équipements for the payment of exterior work contracts for Center Parcs in the Vienne region;
  - a €13,787,000 parent company guarantee issued by Pierre et Vacances SA on behalf of certain Adagio joint ventures to cover the lease commitments entered into by said joint ventures. These commitments are also mentioned in Note 39 on related party transactions.

Commitments received

Completion guarantees are issued by banks with respect to property development programmes. The change in completion guarantees at 30 September 2016 resulted from:

- new guarantees issued during the year for a total amount of €18,413,000. The main programmes are Les Senioriales – Nandy (€11,889,000); Les Senioriales – Saint Etienne (€2,209,000); Les Senioriales – Nîmes (€2,200,000); Les Senioriales – Bruges (€2,115,000);
- a total drop of €20,938,000 arising from the partial decrease in the amount, and end, of several guarantees during the year relating mainly to Les Senioriales – Cenon (-€9,360,000), Les Senioriales – Emerainville (-€5,307,000), Les Senioriales – Manosque (-€2,572,000), Colmar Loisirs (-€1,754,000), Les Senioriales – Castanet (-€1,506,000); Les Senioriales – Vias (-€438,000).

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 2016, these commitments totalled €31,985,000.

In addition, the tax administration registered the preferential right of the Treasury resulting from a carry back receivable repaid to the group that would be called into question were the outcome of this dispute to be unfavourable. It should be noted that the Group will make mention of the existence of an objection to this receivable in the margin of this registration.

Note 37 Remuneration of executive management and directors

Attendance fees paid to members of the Board of Directors in 2016 in respect of the 2015/2016 financial year amounted to €106,000 compared to €86,000 for 2014/2015.

For the years ended 30 September 2016 and 30 September 2015, 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, 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 + employer's contributions + other direct costs: travel, premises, secretarial costs) plus a 5% margin and calculated prorata for the time spent by each individual on managing the business of Pierre & Vacances-Center Parcs Group companies.

Since these people are on the Group Executive Management Committee, their remuneration is included in the table below:

(in €)	2015/2016	2014/2015
Fixed remuneration(1)	1,698,889	1,647,466
Variable remuneration(2)	710,336	557,210
Post-employment benefits(3)	28,619	21,719
Share-based remuneration(4)	636,757	133,802
TOTAL	**3,074,601**	**2,360,197**

(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 Pierre et Vacances shares at the date of grant).

For each of them, the variable bonus is determined based on the financial performance of the Pierre & Vacances-Center Parcs Group and the achievement of personal objectives.

Note 38 Parent company

The Pierre & Vacances-Center Parcs Group's financial statements are fully consolidated into those of Société d'Investissement Touristique et Immobilier (S.I.T.I.).

Note 39 Related party transactions

The Group's related parties consist of:

- members of the administrative and management bodies: their remuneration and benefits are detailed in Note 37;
- the parent company of Pierre et Vacances (Société d'Investissement Touristique et Immobilier) and its subsidiaries which are not included in the Group's scope of consolidation;
- joint ventures consolidated using the equity method:
  - entities comprising the Villages Nature Group,
  - Adagio Group entities,
  - various other entities, namely SAS Presqu'Ile de la Touques, SDRT Immo (property development company owned by Pierre et Vacances Maroc), Les Senioriales Ville de Castanet, Les Senioriales Ville de Tourcoing, SCI Montrouge Développement, Nuit & Jour Projections, Part House, SNC N.L.D., SNC Caen Meslin, SCCV Nantes Russeil and La Financière Saint-Hubert SARL, HNA PV Tourism company limited, SCCV Palaiseau RT and SCCV Toulouse Pont Jumeaux A1.

The main transactions with related companies include:

- rent and administrative staff invoicing;
- the purchase of support and consulting services under the management agreement;
- the apartment lease contracts operated by the subsidiary PV Résidences & Resorts France.

These transactions are completed under normal market conditions.

Related party transactions break down as follows:

(in € thousands)	30/09/2016	30/09/2015
Revenue	5,955	5,860
Purchases and external services	-21,205	-21,607
Other operating income and expenses from ordinary activities	-2,270	249
Financial income (expense)	176	368

Receivables and liabilities included in the statement of financial position linked to related parties are as follows:

(in € thousands)	30/09/2016	30/09/2015
Trade receivables	58,533	68,342
Other current assets	52,324	34,392
Trade payables	8,943	13,057
Other financial liabilities	41,269	22,309

Off-statement of financial position commitments linked to related parties:

(in € thousands)	30/09/2016	30/09/2015
Guarantees and pledges	6,725	3,535
Rent commitments(1)	21,430	22,909
Commitments given	**28,155**	**26,444**
Guarantees and pledges	600	600
Completion guarantees	18,398	18,398
Commitments received	**18,998**	**18,998**

(1) These commitments are covered by a €13,787,000 parent company guarantee granted by PV SA at 30 September 2016, compared with €14,926,000 at 30 September 2015 (See Note 36 – Off-statement of financial position commitments).

Note 40 Events after the 2015/2016 reporting period

Plagne Aime 2000 ski resort development projects

Pierre & Vacances, acting as planner, developer and operator, and the Wilmotte & Associés architectural practice, have been charged with constructing a New Tourism Unit to create a "5th generation ski resort" on the Plagne Aime 2000 site.

This project breaks down in to three phases:

- a Pierre & Vacances premium residence of 120 apartments, with top-of-the-range services and leisure facilities (swimming pool, solarium etc.);
- a Pierre & Vacances Famille residence with 370 apartments, a water park, a shopping mall, conference rooms, a nursery and a restaurant with panoramic views;
- a 160-room "Folie Douce" hotel with a well-being centre equipped with a spa and an entertainment centre that includes a nightclub.

Delivery of the first phase is scheduled for winter 2019.

Management of tourism activities for the Villages Nature project

Sharing the same objective of making Villages Nature a European-scale ecotourism destination, on 21 October 2016, the two partners, Euro Disney S.C.A. and Pierre & Vacances-Center Parcs, announced that a subsidiary of the Pierre & Vacances-Center Parcs Group had been charged with commercial and operational management of the project.

The governance of the joint venture remains unchanged.

Center Parcs Roybon project in the Isère region

Plans to set up a Center Parcs village in the commune of Roybon in Isère met with opposition from certain associations.

An appeal was launched in November 2014 against the prefectural orders issued in October 2014, authorising the project under the Water Act and the Protected Species Derogation. On 23 December 2014, the Administrative Court of Grenoble ruled on their emergency suspension proceedings: only the order related to the Water Act had been suspended which had led the Group to appeal to the French Council of State.

On 18 June 2015, the French Council of State overturned the emergency order issued by the Administrative Court of Grenoble of 23 December on the suspension of the works under the Water Act.

On 16 July 2015, the Administrative Court of Grenoble confirmed the legality of the "protected species act" derogation, which led opponents of the scheme to launch an appeal, and overturned the order relating to the Water Act solely on the ground of the location of compensatory measures. Both decisions were appealed to the Administrative Court of Appeal of Lyon.

On 3 November 2016, a first hearing was held in this Court.

On 22 November 2016, the Lyons Appeals Court decided to set a new date for the examination of the dispute over the Water Law and Protected Species decrees, i.e on 12 December 2016.

4.2 Statutory Auditors' report on the consolidated financial statements

Financial year ending 30 September 2016

To the Shareholders,

In compliance with the assignment entrusted to us by your Shareholders' Ordinary Meeting, we hereby report to you, for the year ended 30 September 2016, on:

- the audit of the accompanying consolidated financial statements of Pierre et Vacances;
- the justification of our assessments;
- the specific verification required by law.

The consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the annual financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and financial position of the Group, as well as of the results of its operations, in accordance with IFRS accounting standards as adopted in the European Union.

II. Justification of our assessments

In accordance with the provisions of Article L. 823-9 of the French Commercial Code on the justification of our assessments, please note the following items:

As indicated in Note 1.5 to the consolidated financial statements, estimates are used in particular to determinate the recoverable amount of deferred tax assets, earnings at the end of property programmes and the valuation of goodwill. Notes 1.10, 1.11, 1.13, 1.15, 1.24, 4, 5, 6, 7, 11, 12 and 33 to the consolidated financial statements describe the accounting methods and means of valuing goodwill, intangible assets, property, plant and equipment, stocks in progress and deferred tax assets.

Our work consisted of examining the reasonable nature of the assumptions on which the main estimates and valuations are based, to verify the coherence of data used and to review the calculations made by your Group. It also consisted of verifying the appropriate nature of the accounting methods applied and the information supplied in the Appendix notes.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. Specific verification

In accordance with French law, we have also verified, in accordance with professional standards applicable in France, the information presented in the Group's management report.

We have no matters to report as to their fair presentation and consistency with the consolidated financial statements.

Neuilly-sur-Seine and Paris-La Défense, France, 13 December 2016

The Statutory Auditors

GRANT THORNTON	ERNST & YOUNG et Autres
French member of Grant Thornton International	
Virginie Palethorpe	Bruno Bizet

4.3 Parent company financial statements

4.3.1 Income statement

Items *(in € thousands)*	**Notes**	**2015/2016**	**2014/2015**
Sales of services		12,485	16,482
Net revenue		**12,485**	**16,482**
Capitalised production		0	0
Operating subsidy		0	0
Reinvoiced expenses and reversals of write-offs and provisions	15	14,339	8,557
Other income		5,810	629
Operating profit (loss)		**32,634**	**25,668**
Other purchases and external expenses		25,965	27,016
Income and other taxes		622	643
Wages and salaries		0	0
Social security expenses		1,001	983
Depreciation and amortisation		3,872	1,642
Provisions for non-current assets		0	0
Provisions for current assets		47	0
Provisions for risks and charges		0	0
Other operating expenses	6	6,005	343
Operating expenses		**37,512**	**30,627**
OPERATING PROFIT (LOSS)	**12 & 15**	**-4,878**	**-4,959**
Financial income from associates and other long-term equity investments		53,412	37,025
Income from other securities and non-current assets loans		0	0
Other interest income		8,893	4,965
Reinvoiced expenses and reversals of provisions	15	46,129	39,577
Foreign exchange gains		0	0
Net gain on disposals of marketable securities		47	63
Financial income		**108,481**	**81,630**
Amortisation and provisions on financial assets		367	2,633
Interest expense		13,406	12,322
Net (loss) on disposals of marketable securities		29	68
Other financial expenses		1	0
Financial expenses		**13,803**	**15,023**
FINANCIAL INCOME (EXPENSE)	**13 & 15**	**94,678**	**66,607**
PROFIT (LOSS) FROM ORDINARY ACTIVITIES, BEFORE TAX		**89,800**	**61,648**

Items *(in € thousands)*	**Notes**	**2015/2016**	**2014/2015**
Non-recurring income from management transactions		0	0
Non-recurring income from capital transactions		5,206	4,825
Reinvoiced expenses and reversals of provisions	15	0	307
Non-recurring income		**5,206**	**5,132**
Non-recurring expenses on management transactions		291	27
Non-recurring expenses on capital transactions		5,206	5,155
Non-recurring depreciation, amortisation and impairment		0	0
Non-recurring expenses		**5,497**	**5,182**
NON-RECURRING PROFIT (LOSS)	**14 & 15**	**-291**	**-50**
Employee profit-sharing			
Income tax	16	-31,878	-11,462
TOTAL INCOME		**140,664**	**112,430**
TOTAL EXPENSES		**19,277**	**39,370**
NET PROFIT (LOSS)		**121,387**	**73,060**

4.3.2 Balance sheet

Assets

Items *(in € thousands)*	**Notes**	**Gross Amount**	**Amort., Deprec. & Prov.**	**Net 30/09/2016**	**Net 30/09/2015**
Intangible assets	**1**	**21,500**	**20,092**	**1,408**	**827**
Property, plant and equipment	**1**				
Other non-current assets		7,293	7,083	210	276
Financial assets	**1,2,4**				
Other long-term equity investments		557,691	42,963	514,728	486,178
Loans and other financial assets		2,320	0	2,320	2,220
NON-CURRENT ASSETS		**588,804**	**70,138**	**518,666**	**489,501**
Advances and prepayments to suppliers		5	0	5	419
Trade receivables	4 & 5	8,291	179	8,112	11,888
Other receivables	3,4,5	498,746	38	498,708	571,290
Marketable securities	6	5,704	0	5,704	11,554
Cash and cash equivalents	6	5,923	0	5,923	8,266
Prepaid expenses	4 & 10	3,329	0	3,329	2,756
CURRENT ASSETS		**521,998**	**217**	**521,781**	**606,173**
Deferred expenses	11	5,562	0	5,562	5,314
OVERALL TOTAL		**1,116,364**	**70,355**	**1,046,009**	**1,100,988**

Liabilities

Items *(in € thousands)*	**Notes**	**30/09/2016**	**30/09/2015**
Issued capital		98,017	88,215
Additional paid-in capital		21,330	8,691
Statutory reserve		8,822	8,822
Regulated reserves			
Other reserves		2,308	2,308
Retained earnings		568,568	495,508
Profit (loss) for the year		**121,387**	**73,060**
EQUITY	**7**	**820,432**	**676,604**
Provisions for risks			
Provisions for charges		4,417	4,176
PROVISIONS FOR RISKS AND CHARGES	**2**	**4,417**	**4,176**
Financial liabilities			
Outstanding bond issue	4	177,521	119,019
Amounts due to credit institutions	4	0	33,746
Sundry loans and other borrowings	4 & 8	21,024	238,768
Operating liabilities			
Advances and deposits on orders in progress	4 & 5	2	33
Trade payables	4 & 5	10,900	14,528
Tax and social security liabilities	4	30	48
Sundry liabilities			
Amounts due to suppliers of non-current assets	4	0	0
Other liabilities	4 & 9	11,683	14,066
Accruals			
Deffered incomes	4 & 10	0	0
TOTAL LIABILITIES		**221,160**	**420,208**
OVERALL TOTAL		**1,046,009**	**1,100,988**

Proposed allocation of profit and distribution of dividends for the year

Net of all expenses, taxes, depreciation and amortisation, the parent company financial statements show an accounting profit of €121,387,014.83.

We propose allocating the profit for the financial year as follows:

- addition to statutory reserve €980,172.00
- retained earnings (accumulated losses) €120,406,842.83

Following this allocation of profit, equity will break down as follows:

share capital (9,801,723 x €10)	€98,017,230.00
issue premiums	€21,274,531.39
merger premiums	€55,912.36
statutory reserve	€9,801,723.00
other reserves	€2,308,431.46
retained earnings	€688,974,484.11
Total	**€820,432,312.32**

4.3.3 Notes to the parent company financial statements

Total assets before allocation reported in the statement of financial position at 30 September 2016 *(in €)*:	**1,046,009,035.74**
Profit for the year reported in the income statement *(in €)*:	**121,387,014.83**

The amounts presented in these notes are in € thousands.

The reporting period lasts for 12 months, from 1 October 2015 to 30 September 2016.

These annual financial statements were approved by the Board of Directors on 22 November 2016.

Highlights of the financial year

Financial structure

Refinancing

On 14 March 2016, the Pierre & Vacances-Center Parcs Group signed a new €200 million revolving credit line with its banking partners as early refinancing for the syndicated loan maturing in 2019.

The Group therefore has a confirmed credit line, repayable at maturity, for an amount in excess of the amount outstanding on the old amortisable syndicated loan (€142.5 million at 30 September 2016), and at a lower rate of interest. The maturity was extended to 2021, after that of the ORNANE (2019).

First bond issue on the European private placement market

On 19 July 2016, the Pierre & Vacances-Center Parcs Group issued a bond in the form of an unlisted "Euro PP" private placement. This issue was for a total of €60 million, maturing in December 2022, with a 4.25% coupon, and was subscribed for by French institutional investors.

This enabled the Group to optimise its financial structure by staggering its debts and to diversify its funding sources.

Strategic partnership with the HNA Tourism Group

On 30 March 2016, the Chinese group, HNA Tourism, subscribed to a reserved rights issue representing 10% of the capital of Pierre et Vacances SA after the operation, or 980,172 shares at a unit price of €25.18. Once this operation was complete, the individual equity interest and voting rights of S.I.T.I. (the holding company controlled by Gérard Brémond) was 39.83% and 56.42% respectively of Pierre et Vacances SA[11].

The HNA Tourism Group's equity interest in Pierre et Vacances SA relates to the partnership agreements signed on 6 November 2015, with the aim of developing tourist destinations in China inspired by Center Parcs and Pierre & Vacances concepts.

In this context, Pierre et Vacances SA subscribed to 100% of PVCP China Holding BV capital for €2,718 million.

Progress of development projects

The Pierre & Vacances-Center Parcs and HNA Tourism Groups signed letters of intent, on 4 July 2016, for the acquisition of three plots of land located near Shanghai and Beijing, and on 18 November 2016 for an additional land on the seaside in the South of China.

At the same time, agreements were concluded with three major Chinese retailers, Ctrip, Caissa, and Tuniu.com. As such, 15 French destinations belonging to Pierre & Vacances, Center Parcs and Adagio are to be marketed to Chinese tourists. The first tourism reservations have since been made.

Significant events for the whole Pierre & Vacances-Center Parcs Group

Acquisitions

Acquisition of the company "La France du Nord au Sud"

On 27 April 2016, the Pierre & Vacances-Center Parcs Group announced the acquisition of "La France du Nord au Sud", a recognised player in the online holiday rental market in France and Spain.

The integration of this company has enabled maeva.com (online distribution and management of holiday rentals on behalf of third parties) to accelerate its growth by expanding its range of tourism products tenfold, with an overall portfolio of 25,000 accommodation units (holiday residences, holiday villages, houses, villas, campsites, chalets, hotels, privately-owned apartments).

By offering a unique and totally integrated range of services, from house and apartment management through to optimised marketing and on-site operation, maeva.com is positioning itself as a major player on the B2C and C2C holiday rental market.

(11) On the basis of share capital prior to the transaction, comprising 8,821,551 shares, representing 12,856,840 gross voting rights (data at 29 February 2016).

Center Parcs development projects

Financing for the expansion of the 6th German Center Parcs in Allgäu (Baden Württemberg)

As part of the European diversification of its SCPI, on 11 March 2016, the "La Française" Group acquired 250 cottages and the accompanying leisure facilities on the future German Center Parcs site in Allgäu.

This acquisition is in addition to the acquisition by the Eurosic Group of 750 cottages and central recreational facilities for the Domaine in November 2015.

The opening is planned for late 2018.

Development projects in Spain

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

Under the agreement, in early April, the Pierre & Vacances-Center Parcs Group sold 166 apartments that it owned on the Manilva site.

Accounting policies

Accounting principles and methods – The annual financial statements are presented in accordance with the provisions of the 2014 French General Chart of Accounts *(Plan comptable général)* (Regulation 2014-03 of 5 June 2014 of the French Accounting Standards Authority, or *Autorité des Normes Comptables,* approved by ministerial order of 8 September 2014).

Generally accepted accounting principles have been applied, including the principle of prudence, in accordance with the following basic assumptions:

- going concern;
- consistency of accounting methods from one financial year to the next;
- independence of financial years;

and in accordance with professional standards.

The main measurement methods relate to the following:

- property, plant and equipment and intangible assets. These are measured at their acquisition cost, at their contribution value or at their construction cost.

With the exception of goodwill, other property, plant and equipment and intangible assets are depreciated or amortised using the straight-line method, over their economic lives established as follows:

Concessions, patents	5 years
General installations	10 years
Office furniture and equipment	3 to 10 years

The depreciation or amortisation thus calculated is included in operating profit or loss.

- Investments in associates and other long-term equity investments. These are valued at their purchase price or at their contribution value, less any accumulated impairment losses recorded if the net asset value falls below the carrying amount.

At each year-end, the net asset value is determined according to the share of equity, adjusted if necessary to take into account the intrinsic value of the companies calculated on the basis of discounted future net cash flows. Cash flow projections come from the five-year business plans developed by operational and financial managers. For periods beyond five years, they are estimated using a perpetual growth rate. The discount rate used is based on the average cost of capital reflecting current market assessments of the time value of money and the risks specific to the activities of the companies evaluated.

- Loans and other financial assets. This item essentially includes the amount of deposits paid to our partners.
- Trade receivables. A provision is made for risk of non-recovery of receivables when a debtor shows a risk of insolvency or disputes the basis of receivables or when payments are unusually delayed.

  The provisions are based on an individual assessment of this risk of non-recovery.
- Other receivables. These include, in particular, tax receivables, VAT, Group current accounts, sundry receivables and accrued income.
- Marketable securities. These are recognised at their acquisition cost. They are subsequently measured at the lower of their acquisition cost and their market value.
- Pierre et Vacances treasury shares are reported:
  - as assets on the statement of financial position under "Marketable securities", when these shares are explicitly reserved, on acquisition, either to be granted to employees or to stimulate the market under the liquidity agreement; or
  - otherwise as long-term equity investments.
- Prepaid expenses and deferred income. This item principally comprises operating income and expenses.
- Deferred expenses. Such expenses correspond to debt issuance costs.
- Inclusion of subsidiary profit (loss): in accordance with statutory provisions, profit or loss of subsidiaries in the form of a partnership exempt from corporate income tax are included in the same year.

Additional information on the statement of financial position and income statement

Note 1 Non-current assets

Tangible and intangible assets	30/09/2015	Acquisitions	Disposals and retirements	30/09/2016
Intangible assets				
Brand names, concessions, patents	947	400	-	1,347
Businesses goodwill	19,470	-	-	19,470
Other intangible assets	-	-	-	-
Intangible assets in progress	280	630	-227	683
TOTAL INTANGIBLE ASSETS	**20,697**	**1,030**	**-227**	**21,500**
Property, plant, and equipment				
Miscellaneous fixtures	4,528	-	-	4,528
Office and computer equipment, and furniture	2,765	-	-	2,765
TOTAL PROPERTY, PLANT, AND EQUIPMENT	**7,293**	**-**	**-**	**7,293**
Financial assets				
Long-term equity investments and related loans and receivables	554,973	2,718	-	557,691
Loans and other financial assets	2,220	100	-	2,320
TOTAL FINANCIAL ASSETS	**557,193**	**2,818**	**-**	**560,011**
TOTAL GROSS TANGIBLE AND INTANGIBLE ASSETS	**585,183**	**3,848**	**-227**	**588,804**

Depreciation, amortisation and impairment	30/09/2015	Increases	Reductions	30/09/2016
Brand names, concessions, patents	400	222	-	622
Businesses goodwill	19,470	-	-	19,470
Other intangible assets	-	-	-	-
TOTAL INTANGIBLE ASSETS	**19,870**	**222**	**-**	**20,092**
Property, plant and equipment				
Miscellaneous fixtures	4,263	56	-	4,319
Office and computer equipment, and furniture	2,754	10	-	2,764
TOTAL PROPERTY, PLANT AND EQUIPMENT	**7,017**	**66**	**-**	**7,083**
Financial assets				
Long-term equity investments and related loans and receivables	68,795	-	-25,832	42,963
Loans and other financial assets	-	-	-	-
TOTAL FINANCIAL ASSETS	**68,795**	**-**	**-25,832**	**42,963**
TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT	**95,682**	**288**	**-25,832**	**70,138**
TOTAL NET TANGIBLE AND INTANGIBLE ASSETS	**489,501**	**3,560**	**-25,605**	**518,666**

The net increase in the value of tangible and intangible assets (€29,165,000) in the year was mainly due to:

- the reversal of the provision for impairment of the equity interest in the subsidiary Pierre & Vacances Tourisme Europe for €25,000,000, thereby reducing the net value of the shares to €381,363,000. On the one hand, this provision write-back includes accounting results generated in 2015/2016 by the Pierre & Vacances and Center Parcs tourism activities. On the other, it includes the impact of the update to the discount rate applied at 30 September 2016 (rate of 8.5%, compared with 9.0% at 30 September 2015) to calculate the value in use determined by discounted future net cash flows.
- the reversal of the provision for impairment of the equity interest in the subsidiary Pierre & Vacances Maroc for €817,000, thereby reducing the net value of the shares from €2,256,000 to €3,073,000, in view of developments linked to projects in Morocco;
- capital subscription of PVCP China Holding BV for €2,718,000, representing 100% of the share capital.

Note 2 Provisions

	30/09/2015	Increases	Reductions used	Reductions not used	30/09/2016
Provisions for risks and charges	4,176	366		125	4,417
Provisions for impairment losses					
◆ *Goodwill*	*19,470*				*19,470*
◆ *Investments in associates and other long-term equity investments*	*68,795*			*25,832*	*42,963*
◆ *Trade receivables*	*189*	*47*	*45*	*12*	*179*
◆ *Current accounts*	*20,047*	*-*		*20,009*	*38*
OVERALL TOTAL	**112,677**	**413**	**45**	**45,978**	**67,067**

At 30 September 2016, provisions consisted of the following:

Provisions for risks and charges correspond to provisions covering subsidiaries' net negative positions:

- a total of €3,546,000 for Orion SAS;
- a total of €871,000 for Support Services BV.

Provisions for impairment losses on goodwill from internal restructuring totalling €19,470,000.

Provisions for impairment losses on investments in associates and other long-term equity investments relate to the following:

- €40,767,000 for Pierre & Vacances Tourisme Europe;
- €1,086,000 for Pierre & Vacances Maroc;
- €1,054,000 for Part House SRL;
- €38,000 for Orion SAS;
- €18,000 for Support Services BV.

The €25,832,000 write-back concerning equity interests in the subsidiaries is described in Note 1.

Provisions for impairment losses on other assets correspond to:

- €179,000 for trade receivables;
- the impairment loss on the current account of Part House SRL for €38,000.

The reversal of the provision for €20,009,000 relates to provisions for current accounts of the subsidiary Pierre et Vacances FI SNC for €19,755,000 and the subsidiary Part House SRL for €254,000.

Note 3 Other receivables

	30/09/2016	30/09/2015
CURRENT ACCOUNTS	**460,010**	**567,585**
Pierre & Vacances FI SNC	*432,516*	*555,236*
Adagio SAS	*6,336*	*6,336*
Pierre et Vacances Maroc	*5,571*	*5,069*
Village Nature de Val d'Europe SAS	*15,205*	*652*
Part House SRL	*382*	*292*
STATE AND OTHER PUBLIC AUTHORITIES	**8,651**	**14,036**
OTHER RECEIVABLES AND MISCELLANEOUS ACCOUNTS IN DEBIT	**30,085**	**9,716**
TOTAL	**498,746**	**591,337**

Current-account receivables mainly consist of the amount due to Pierre et Vacances FI SNC – a subsidiary of Pierre et Vacances SA – responsible for central cash management for all Group subsidiaries.

Amounts due from the State and other public authorities primarily correspond to:

- the VAT credit of €3,055,000 accrued at 30 September 2016 for the VAT group, of which the VAT refund accrued by the consolidated VAT group totalled €3,000,000 (versus €5,898,000 in consolidated VAT receivables at the previous year-end);
- the Competitiveness and Employment Tax Credit (CICE) of €4,805,000 accrued by the company as head of the tax group for 2015 (versus €4,576,000 at the previous year-end);
- input VAT of €633,000 (versus €1,946,000 at the previous year-end);
- family tax credits of €65,000.

The "Other receivables" item primarily relates to sums owed to Pierre et Vacances SA by subsidiaries:

- €26,129,000 in income tax in its capacity as head of the consolidated tax group, compared with €5,642,000 for the previous year;
- €2,985,000 in consolidated VAT for September 2016 (compared with €3,361,000 for September 2015).

Note 4 Summary of maturities of receivables and liabilities

		Due date	
Receivables	**Amount**	**Less than 1 year**	**More than 1 year**
Other financial assets	2,320	2,200	120
Advances and prepayments to suppliers	5	5	
Trade receivables	8,291	8,291	
State and other public authorities	8,651	8,651	
Group and associates	460,010	460,010	
Other receivables	30,085	30,085	
Accruals	3,329	3,329	
	512,691	**512,571**	**120**

In the financial statements at 30 September 2016, Pierre et Vacances SA discloses an amount due from the State in respect of VAT credit receivable by the VAT group for September 2016 of €3,055,000 (of which €3,000,000 was claimed back from the State in the consolidated VAT return for September 2016). This represents the net balance of output VAT of €2,985,000 and input VAT of €6,040,000 for the VAT group headed by Pierre et Vacances SA.

The following companies belonged to the consolidated VAT group at 30 September 2016:

- Pierre et Vacances SA;
- GIE PV-CP Services;
- PV-CP Distribution SA;
- Sogire SA;
- Société de Gestion de Mandats SARL;
- Club Hôtel Multivacances SAS;
- Club Hôtel SARL;
- SGRT SARL;
- PV Résidences et Resorts France SAS;
- Center Parcs Resorts France SAS;
- Pierre et Vacances Investissement XXIV SAS;
- PV-CP Gestion Exploitation SAS;
- Orion SAS;
- Pierre et Vacances Senioriales Programmes Immobiliers SAS;
- Société d'Exploitation Touristique Pierre et Vacances Guadeloupe SAS;
- Société d'Exploitation Touristique Pierre et Vacances Martinique SAS;
- Pierre et Vacances Marques SAS;
- Commerces Patrimoine Cap Esterel SNC;
- Pierre et Vacances Esterel Développement SAS;
- Pierre et Vacances Investissement XXXXIII SAS;
- Pierre et Vacances Senioriales Gestion Immobilière Investissement SAS;
- Pierre et Vacances Investissement XXXXVI SAS;
- Pierre et Vacances Investissement XXXXVII SAS;
- Domaine du Lac d'Ailette SNC;
- Société Hôtelière de l'Anse à la Barque SNC;
- PV-CP City SAS;
- SNC Le Rousset Équipement;
- SNC Poligny Cottages;
- SNC Poligny Équipements;
- SNC Sud Ouest Cottages;
- SNC Sud Ouest Équipements;
- SNC Lille Loisirs;
- PV Prog 49 SNC;
- PV-CP Holding Exploitation SAS;
- PV Rénovation Tourisme SAS.

Total liabilities	Amount	Due date: Less than 1 year	1 to 5 years	More than 5 years
Outstanding bond issue	177,521	2,521	115,000	60,000
Sundry loans and long-term borrowings	21,024	20,598		426
Advances and deposits on orders in progress	2	2		
Trade payables	10,900	10,900		
Tax and social security liabilities	30	30		
Other liabilities	11,683	11,683		
	221,160	**45,734**	**115,000**	**60,426**

At 30 September 2016, the outstanding bond issue corresponds to:

- the ORNANE-type bond issued on 4 February 2014 with a principal amount of €115,000,000 and maturing on 1 October 2019. Bonds redeemable in cash and new or existing shares (ORNANE) are convertible at any time by delivery of a new or existing share. They also give the issuer the option to make a full or partial payment in cash when delivering the share. At year-end, the balance was composed of €115,000,000 in principal and €2,012,000 in accrued interest;
- the bond issued in the form of an unlisted "Euro PP" private placement on 19 July 2016 with a principal amount of €60,000,000 and maturing in December 2022. This issue, with a 4.25% coupon, was subscribed for by French institutional investors. At year-end, the balance of this bond was €60,000,000 with €509,000 in accrued interest.

Amounts due to credit institutions in the amount of €33,746,000 at the previous year-end and relating to the "corporate" loan resulting from the February 2014 refinancing were repaid in advance on 21 March 2016 for €31,568,000.

Accrued interest not yet due recorded last year for €2,718,000 and related to the bond issue were paid in 2015/2016; the actual balance for €2,012,000 at 30 September 2016 was reclassified for consistency purposes in the *Outstanding bond issue* line.

None of Pierre et Vacances SA's bank borrowings are based on its or the Group's rating. Amounts due to credit institutions include contractual clauses relating to the consolidated financial position of the Pierre & Vacances-Center Parcs Group. These ratios are adjusted to the repayment profile for these loans. The level and definition thereof have been fixed in consultation with the lenders on the basis of forecasts. Compliance with these ratios is assessed only once a year at the reporting date. Failure to comply with these ratios authorises the lenders to call in some or all of the debt early. These credit lines are also all provided with the usual legal covenants: "negative pledge", "pari passu" and "cross default".

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Note 5 Accrued income and expenses

Accrued income	30/09/2016	30/09/2015
Customers	101	2,963
Withholding tax on foreign dividends received	-	948
Suppliers	-	321
Accrued Competitiveness and Employment Tax Credit (CICE) for the year	93	88
	194	**4,320**

Accrued expenses	30/09/2016	30/09/2015
Suppliers	1,849	8,989
Interest accrued on loans and borrowings	2,521	3,063
Attendance fees	155	137
State	13	20
Other	25	4
	4,563	**12,213**

Note 6 Marketable securities and cash

During the 2015/2016 financial year, the Pierre et Vacances-Center Parcs Group vested 97,928 treasury shares under employee bonus share plans dating back to 2013.

The cost for the Company during 2015/2016 of distributing these shares was entirely rebilled during the same year to the subsidiaries that employ the beneficiaries of the shares.

To support the share price, the Group also sold 3,139 treasury shares for €75,000.

Marketable securities, which amounted to €5,704,000 at 30 September 2016, consist primarily of treasury shares.

At 30 September 2016, the Company held:

- 270,016 treasury shares intended to be granted to employees and totalling €5,615,000;
- 2,287 shares acquired to adjust the stock market price, for an amount of €89,000.

Cash and cash equivalents amounted to €5,923,000 at 30 September 2016, compared with €8,266,000 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 2014	**88,215**	**8,691**	**476,329**	**30,309**	**603,543**
Capital increase					
Dividends paid					
Statutory reserve					
Retained earnings			30,309	-30,309	
Profit (loss) for the year				73,060	73,060
EQUITY AT 30 SEPTEMBER 2015	**88,215**	**8,691**	**506,638**	**73,060**	**676,604**
Capital increase	9,802	12,639			22,441
Dividends paid					
Statutory reserve					
Retained earnings			73,060	-73,060	-
Profit (loss) for the year				121,387	121,387
EQUITY AT 30 SEPTEMBER 2016	**98,017**	**21,330**	**579,698**	**121,387**	**820,432**

On 30 March 2016, the Chinese group, HNA Tourism, subscribed to a reserved rights issue representing 10% of the capital of Pierre et Vacances SA after the operation, or 980,172 shares at a unit price of €25.18. Once this operation was complete, the individual equity interest and voting rights of S.I.T.I. (the holding company controlled by Gérard Brémond) was 39.83% and 56.42% respectively of Pierre et Vacances SA[12].

The subscribed capital increase was reflected in the company's equity by:

- an increase in share capital of €9,802,000;
- an increase in the issue premium of €12,639,000, net of €2,240,000 in capital increase costs incurred by the company.

(12) On the basis of share capital prior to the transaction, comprising 8,821,551 shares, representing 12,856,840 gross voting rights (data at 29 February 2016).

Note 8 Sundry loans and other borrowings

	30/09/2016	30/09/2015
Loans and advances to equity investees	**-**	**229,894**
Pierre & Vacances FI SNC	-	229,035
Interest accrued on the Pierre & Vacances FI SNC borrowings	-	859
Current accounts	**20,598**	**8,426**
Société d'Investissement Touristique et Immobilier (S.I.T.I.)	20,598	8,426
Deposits received	**426**	**448**
TOTAL	**21,024**	**238,768**

The amount of €229,035,000 owed to Pierre & Vacances FI SNC for shares acquired in Center Parcs Holding France SAS by Center Parcs Europe NV was fully repaid on 30 November 2015.

Note 9 Other liabilities

	30/09/2016	30/09/2015
Payables relating to income tax consolidation	5,727	4,026
Payables relating to the VAT consolidation group	5,772	9,842
Sundry liabilities	184	198
TOTAL	**11,683**	**14,066**

Payables relating to tax consolidation are linked to the recognition at 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 Pierre et Vacances SA September 2016 VAT return submitted in its capacity as parent company of the tax consolidation group.

Sundry liabilities of €155,000 correspond to attendance fees for the 2015/2016 financial year.

Note 10 Accruals

Assets	30/09/2016	30/09/2015
Rents and rental charges	1,975	1,968
Miscellaneous	1,354	788
TOTAL	**3,329**	**2,756**

The "Miscellaneous" item includes €1,321,000 in expenses relating to computer rental costs under licences and maintenance agreements at 30 September 2016.

Note 11 Deferred expenses

	30/09/2015	Increases	Reductions	30/09/2016
Bond issuance fees	2,764	832	717	2,879
Bank lending fees	2,550	3,000	2,867	2,683
TOTAL	**5,314**	**3,832**	**3,584**	**5,562**

The €3,832,000 increase in deferred expenses reflects the fees, charges and expenses incurred during the financial year and corresponds to:

- a new €200 million revolving credit line as early refinancing for the syndicated loan maturing in 2019;
- a bond issued in the form of an unlisted "Euro PP" private placement for a total of €60 million, maturing in December 2022.

The reduction in deferred expenses includes €2,173,000 corresponding to the amortisation of the balance of deferred expenses relating to the syndicated loan originally maturing in 2019 but repaid in March 2016.

Note 12 Analysis of operating profit (loss)

	2015/2016	2014/2015
Services	5,941	10,051
Miscellaneous rentals	6,544	6,431
TOTAL REVENUE	**12,485**	**16,482**
Reinvoicing of expenses and fees	14,282	8,448
Miscellaneous	5,810	629
Reversal of provisions	57	109
TOTAL OPERATING INCOME	**32,634**	**25,668**
Rents and rental charges	7,433	7,615
Miscellaneous fees	7,818	11,485
Other purchases and external expenses	18,342	9,886
Depreciation, amortisation and impairment	3,919	1,641
TOTAL OPERATING EXPENSES	**37,512**	**30,627**
OPERATING PROFIT (LOSS)	**-4,878**	**-4,959**

Revenue for the 2015/2016 financial year mainly consisted of:

- €5,941,000 invoiced for services rendered to subsidiaries mainly as part of the development of their activities in relation to setting up the Center Parcs real estate programme in Allgäu in Germany (Baden Württemberg) for €4,057,000.

The figure for the previous financial year mainly included amounts invoiced for services rendered to subsidiaries as part of the development of their activities in relation to setting up the real estate programmes in the Center Parcs of Port Zelande in the Netherlands (€5,000,000) and Allgäu (€2,500,000) and Nordseekuste in Germany (€500,000);

- €6,544,000 in reinvoiced rent expenses representing the share of subsidiary entities for their occupation of premises at the Group's registered office at Artois, in the 19th district of Paris.

Operating loss for the financial year was €4,878,000 (compared with a loss of €4,959,000 in 2014/2015). This was the result of costs incurred by Pierre et Vacances SA to develop the Group's activities as a holding company.

Note 13 Financial results

	2015/2016	2014/2015
Financial income from associates and other long-term equity investments	53,412	37,025
Reinvoiced expenses and reversals of provisions	46,129	39,577
Other interest income	8,893	4,965
Other financial income	47	63
FINANCIAL INCOME	**108,481**	**81,630**
Amortisation and provisions on financial assets	367	2,633
Interest expense	13,406	12,322
Net expense on disposals of marketable securities	29	68
Other financial expenses	1	0
FINANCIAL EXPENSES	**13,803**	**15,023**
NET FINANCIAL INCOME (EXPENSES)	**94,678**	**66,607**

Net financial income amounted to €94,678,000 for 2015/2016, compared with €66,607,000 for the previous year.

It is mainly composed of the following items:

- dividend income of €53,412,000 from subsidiaries, including:
  - €24,963,000 from Pierre & Vacances Tourisme Europe, a sub-holding company for European tourism activities for the Pierre & Vacances and Center Parcs brands,
  - €22,882,000 from the company PVCP Immobilier Holding, a sub-holding company for the property development business segment,
  - €4,491,000 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,
  - €582,000 from the company PV Courtage,
  - €494,000 from the company Entwicklungsgesellschaft Ferienhauspark Bostalsee GmbH;
- reversals of impairment provisions for €46,129,000, including:
  - €25,000 for shares in Pierre & Vacances Tourisme, a sub-holding company for European tourism activities for the Pierre & Vacances and Center Parcs brands,
  - €15,000 relating to shares and €19,755,000 for the current account of Pierre & Vacances FI SNC, or €19,770,000 in total,
  - €817,000 relating to securities of Pierre & Vacances Maroc,
  - €379,000 relating to the current account and net worth of the company Part House SRL;
- interest income of €8,893,000 on current accounts, including €8,495,000 on the current account held by Pierre et Vacances FI SNC, a subsidiary responsible for the Group's central cash management;
- transfers of expenses for €163,000;
- sundry other financial income for €47,000;
- financial expenses of €13,803,000, including, in particular:
  - interest expense on bank loans of €5,031,000, of which €4,025,000 related to the convertible bond issue subscribed in the previous financial year (ORNANES), €509,000 related to the unlisted "Euro PP" private placement subscribed during the period, and €479,000 related to the syndicated loan,
  - interest expense and commissions on bank loans of €5,667,000,
  - an allocation to financial provisions for risks relating to the negative net worth of Orion SAS for €208,000 and Support Services BV for €159,000,
  - interest expense and commissions on short-term financing of €1,400,000,
  - interest expense of €153,000 on other borrowings arranged with Pierre & Vacances FI SNC,
  - fees and commissions and expenses on sureties and interest rate swaps of €851,000,
  - sundry other financial expenses for €334,000.

Net financial expenses for 2014/2015 amounted to €66,607,000.

It mainly consisted of the following:

- dividend income of €37,025,000 from subsidiaries, including €27,742,000 from the company PVCP Immobilier Holding;
- interest income of €4,820,000 from current accounts, including €4,499,000 for Pierre & Vacances FI SNC;
- income of €39,419,000 relating to an adjustment to the provision for current account impairment losses of subsidiaries;
- financial expenses of €15,023,000, including, in particular:
  - impairment losses on financial assets totalling €2,614,000,
  - interest and fees on bank loans and the corporate loan of €9,264,000,
  - interest and fees on short-term financing of €1,917,000,
  - fees and commissions and expenses on sureties and interest rate swaps of €592,000.

Note 14 Non-recurring profit (loss)

	2015/2016	2014/2015
Non-recurring profit (loss) on management transactions	-291	-27
Non-recurring profit (loss) on capital transactions	-	-330
Non-recurring additions to/reversals of provisions and transfers of expenses	-	307
NON-RECURRING PROFIT (LOSS)	**-291**	**-50**

Non-recurring profit (loss) for the 2015/2016 financial year stands at €291,000, mainly consisting of sundry fees and expenses incurred by the company on its holding activities.

Note 15 Total transfers of expenses

	2015/2016	2014/2015
Borrowing costs reclassified to deferred expenses spread over the loan terms	3,832	-
Reinvoiced Head Office costs and services	6,559	7,064
Borrowing costs reclassified to financial income (expenses)	3,584	1,444
Operating expenses reclassified to non-recurring income (loss)	185	-61
Reinvoiced miscellaneous expenses	122	1
TOTAL RECLASSIFICATIONS OF OPERATING EXPENSES	**14,282**	**8,448**
Reinvoiced bank guarantees	163	157
TOTAL TRANSFERS OF FINANCIAL EXPENSES	**163**	**157**
Reinvoiced non-recurring expenses	-	-
TOTAL TRANSFERS OF NON-RECURRING EXPENSES	**-**	**-**
TOTAL TRANSFERS OF EXPENSES	**14,445**	**8,605**

For the 2015/2016 financial year, reclassified expenses of €3,832,000 were recognised in relation to debt restructuring.

Note 16 Income tax

Pierre et Vacances SA is head of the tax consolidation group that it set up on 1 October 1996.

At 30 September 2016, the members of this group were:

- Pierre et Vacances SA;
- Pierre & Vacances Tourisme Europe SA;
- PV-CP Distribution SA;
- Sogire SA;
- Compagnie Hôtelière Pierre et Vacances SA;
- Société de Gestion de Mandats SARL;
- Club Hôtel Multivacances SAS;
- Pierre et Vacances Transactions SARL;
- Pierre et Vacances Développement SA;
- Pierre & Vacances Conseil Immobilier SA;
- Pierre et Vacances Courtage SARL;
- Pierre & Vacances Rénovation Tourisme SAS;
- Tourisme Rénovation SAS;
- Peterhof 2 SARL;
- Club Hôtel SARL;
- SGRT SARL;
- Pierre & Vacances FI SNC;
- PV Résidences et Resorts France SAS;
- Center Parcs Resorts France SAS;
- Pierre et Vacances Investissement XXIV SAS;
- PV-CP Holding Exploitation SAS;
- PV-CP Gestion Exploitation SAS;
- PV Senioriales Promotion et Commercialisation SAS;
- SICE SNC;
- Orion SAS;
- Pierre et Vacances Senioriales Programmes Immobiliers SAS;
- PV-CP Immobilier Holding SAS;
- Société d'Exploitation Touristique Pierre et Vacances Guadeloupe SAS;
- Société d'Exploitation Touristique Pierre et Vacances Martinique SAS;
- Pierre et Vacances Marques SAS;
- Commerces Patrimoine Cap Esterel SNC;
- Pierre et Vacances Esterel Développement SAS;
- Pierre et Vacances Investissement XXXXIII SAS;
- PV Senioriales Exploitation SAS;
- Pierre et Vacances Senioriales Gestion Immobilière Investissement SAS;
- Pierre et Vacances Investissement XXXXVI SAS;
- Pierre et Vacances Investissement XXXXVII SAS;
- Center Parcs Holding Belgique SAS;
- PV-CP Finances SAS;
- Pierre et Vacances Investissement XXXXIX SAS;
- PV-CP City SAS.

Breakdown of the tax expense	
Income tax	-1,470
Tax passed on by subsidiaries	33,348
Net tax (benefit)	**31,878**

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 tax consolidation, Pierre et Vacances SA would have incurred a tax liability of €1,528,000 in 2015/2016.

Income tax includes the family tax credit set aside in the amount of €65,000.

In addition, further to the rulings handed down in July 2013 by the Administrative Court of Montreuil, Pierre et Vacances SA obtained a favourable outcome to its dispute with the French Tax Authorities relating to a tax inspection for the financial years 2003/2004, 2004/2005 and 2005/2006. On 17 March 2016, the Administrative Court of Versailles handed down two rulings upholding the company's position. This confirms Pierre & Vacances-Center Parcs's assessment of the absence of financial risk attached to this dispute. Nevertheless, on 19 May 2016, the French Tax Authority lodged an appeal before the Council of State. It remains to be seen whether the application will be allowed by the Council of State.

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 €14,493,000 for 2015/2016, 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 group totalled €353,936,000 at 30 September 2016.

Note 18 Related companies

Statement of financial position items	**Related companies**	**Equity investees**
Net equity interests	512,975	1,750
Trade receivables	7,602	112
Other receivables(1)	468,012	21,540
Sundry loans and other borrowings(1)	-21,024	-
Trade payables	-6,153	-
Other liabilities	-11,634	-
Income and expense items		
Financial expenses	-384	-
Financial income	62,033	172
Non-recurring expenses	-7	-
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

	30/09/2016	30/09/2015
Guarantees and pledges:		
Lease payment guarantees	1,117,706	1,197,751
First-call guarantee to Sogefinerg (Ailette finance lease)	167,485	170,906
Guarantee given within the framework of contracts to outsource CPE IT solutions and equipment	30,960	35,775
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
Guarantee given on behalf of SNC Bois de la Mothe Chandenier Cottages to Bellin TP regarding exterior work (earthworks, wastewater treatment, roads, trenches, etc.) contracts for Center Parcs in the Vienne region	1,697	2,554
Guarantee given on behalf of SNC Bois de la Mothe Chandenier Équipements to Bellin TP regarding exterior work (earthworks, wastewater treatment, roads, trenches, etc.) contracts for Center Parcs in the Vienne region	1,555	1,925
Counter-guarantee issued to Société Générale on behalf of PV Exploitation Belgique to secure a leasehold agreement	685	620
Guarantee given to CACIB on behalf of SNC Presqu'île de la Touques Loisirs for the financing of the property development programme in Deauville	30,000	30,000
Surety issued to the town of Deauville on behalf of SNC Presqu'île de la Touques Loisirs for the acquisition of a property complex in Deauville	5,244	11,363
Guarantee given to Natixis on behalf of SAS Foncière Presqu'île de la Touques Loisirs for the financing of the property development programme in Deauville	5,525	2,296
Surety issued on behalf of the SNC Sud-Ouest Cottages under an unilateral sale agreement signed by Groupement Forestier du Domaine du Papetier, Mr Frezier and the Corbefin consortium	85	85
Surety on behalf of PVD SA to the local authority of Courseulles sur Mer for the purchase of land	159	159
Surety issued to BNP Paribas Leasing Solutions & Fortis Lease NV on behalf of PV Exploitation Belgique as part of the TV leasing agreement	39	39
Surety issued to SoGePi on behalf of PV Italia as part of the sale of Calarossa	413	413
Counter-guarantee issued to CACIB on behalf of Adagio SAS regarding Westdeutscher Rundfunk	0	39
Surety issued on behalf of CP Algäu GMBH to Leutkircher Bank as part of the extension of the loan agreement	1,505	1,505
Surety issued to the Treasury on behalf of Roybon Équipements SNC concerning the deferred payment of the Architecture, Planning and Environment Council regional tax as well as the regional tax for sensitive natural areas	3,724	3,724
Mortgages:		
Mortgage on behalf of Les Senioriales – Cenon	0	3,200
Mortgage on behalf of Les Senioriales – Boulou	0	3,600
Mortgage on behalf of Les Senioriales – Manosque	0	4,000
Mortgage on behalf of Les Senioriales – Bruges	3,365	0
Mortgage on behalf of Les Senioriales – Nimes	3,000	0
COMMITMENTS GIVEN	**1,374,347**	**1,471,154**
Guarantees and pledges:	**2,408**	**2,408**
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
Rent guarantee deposit – Artois	1,795	1,795
Guarantee deposit for additional parking spaces	13	13
COMMITMENTS RECEIVED	**2,408**	**2,408**
RECIPROCAL COMMITMENTS	**0**	**25,200**

Lease payment guarantees

Pierre et Vacances SA has provided guarantees totalling €1,117,706,000, as described below:

- to Green Buyco BV, a company outside the Group, owner of the land and buildings of seven Center Parcs Europe villages, for payment of rent by its operating subsidiaries. At 30 September 2016, outstanding rent commitments for the remaining term of the leases for these seven villages came to €447.2 million;
- to institutional investors for rent commitments related to the Center Parcs village in Bois Aux Daims, with an outstanding amount for the term of the leases of €200.4 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 €137.0 million;
- for payment of rent for the village of Eemhof to the Dutch company Zeeland Investments Beheer, owner of the land and buildings of the village. Outstanding rent commitments for the remaining term of the lease came to €114.8 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 €91.4 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 €29.2 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 €32.1 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 €17.3 million;
- to Uniqua, owner of the residence in Vienne, for payment of 50% of outstanding rent commitments for the remaining term of the lease amounting to €5.7 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 €5.8 million;
- to the individual owners of the Bonmont residence, for payment of outstanding rent commitments for the remaining term of the lease amounting to €3.0 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 €1.3 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 €1.0 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 €0.2 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 €12.6 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 €9.8 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 €7.8 million.

First-call guarantee to Sogefinerg (Ailette finance lease)

Within the framework of the building of central facilities (tropical paradise, restaurants, bars, shops, sports and leisure facilities) at the new Center Parcs in Aisne, Pierre et Vacances signed a public service delegation agreement with the Conseil Général de l'Aisne, which delegates to Pierre et Vacances and its subsidiaries the design, building and operation of the leisure centre facilities. Furthermore, a tripartite agreement was signed between Pierre et Vacances, the Conseil Général de l'Aisne and a finance institution to set up the financing for this work. Part of the cost of building the facilities is being provided by a subsidy from the Conseil Général de l'Aisne. The remaining financing is based on the transfer of assets to the financial institution as an off-plan sale performed by a property development subsidiary indirectly owned by Pierre et Vacances. The transfer is supplemented by a lease of the facilities. Within the framework of the finance lease for the facilities, Pierre et Vacances SA has granted a first-call guarantee of €167,485,000 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.

At 30 September 2015, swaps had a market value of -€298,000.

Registration of preferential right

The tax administration registered the preferential right of the Treasury resulting from a carry back receivable for €2,298,000 repaid to the group, which would be called into question were the outcome of this dispute to be unfavourable.

The Group will mention the existence of an objection to this receivable in the margin of this registration.

Note 20 Parent company

The Company's financial statements are fully consolidated into those of Société d'Investissement Touristique et Immobilier – S.I.T.I. SA.

Note 21 Remuneration of executive management and directors

Attendance fees paid to members of the Board of Directors in 2016 in respect of the 2015/2016 financial year amounted to €106,000 compared to €86,000 for 2014/2015.

For the years ended 30 September 2016 and 30 September 2015, 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 et Vacances-Center Parcs Group companies controlled as defined in Article L. 233-16 of the French Commercial Code.

However, Société d'Investissement Touristique et Immobilier (a company indirectly owned by the Chairman, founder and majority shareholder of Pierre et Vacances SA), as an asset management company, invoiced for fees for the services rendered by Gérard Brémond, Martine Balouka, Thierry Hellin and Patricia Damerval. The fees invoiced by S.I.T.I. were calculated on the basis of direct costs (remuneration paid + employer's contributions + other direct costs: travel, premises, secretarial costs) 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:

	2015/2016	2014/2015
Fixed remuneration(1)	1,698,889	1,647,466
Variable remuneration(2)	710,336	557,210
Post-employment benefits(3)	28,619	21,719
Share-based remuneration(4)	636,757	133,802
TOTAL	**3,074,601**	**2,360,197**

(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	15,227	100.00	64,965
Pierre et Vacances FI SNC	15	2,646	99.00	15
Part-House Srl	99	-224	55.00	1,054
Pierre et Vacances Courtage SARL	8	299	99.80	8
Orion SAS	38	-3,248	100.00	38
Pierre et Vacances Investissement XXXXIII SAS	38	-8	100.00	38
Pierre et Vacances Investissement XXXXVI SAS	10	-17	100.00	10
Pierre et Vacances Investissement XXXXVII SAS	10	-17	100.00	10
Pierre et Vacances Investissement XXXXIX SAS	10	-14	100.00	10
PV CP Support Services BV	18	-887	100.00	18
Pierre et Vacances Maroc	161	-448	100.00	4,159
Multi-Resorts Holding BV	18	305	100.00	18
Pierre & Vacances Tourisme Europe	52,590	123,739	100.00	422,130
Pierre et Vacances Marques SAS	62,061	2,819	97.78	60,686
PVCP Holding China	2,718	0	100.00	2,718
Pierre et Vacances Maeva Tourisme Haute Savoie SARL	8	1	100.00	8
SUBSIDIARIES (more than 10% of the capital held):				
GIE PV-CP Services	150	2	24.00	36
Adagio SAS	1,000	6,339	50.00	500
Entwicklungsgesellschaft Ferienhauspark Bostalsee GmbH	100	43	19.90	20
Les Villages Nature de Val d’Europe SAS	2,018	2,019	50.00	1,234
Villages Nature Management SARL	14	-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 gained by the Company during the financial year	Comments
64,965	0	0	21	-8,856	19,643	30/09/2016
15	432,516	0	0	1,994	0	30/09/2016
0	382	0	0	0	0	30/09/2015
8	0	0	886	557	582	30/09/2016
0	0	0	234	-157	0	30/09/2016
38	0	0	0	-1	0	30/09/2016
10	0	0	0	-3	0	30/09/2016
10	0	0	0	-3	0	30/09/2016
10	0	0	0	-3	0	30/09/2016
0	0	0	0	-2	0	30/09/2016
3,073	5,571	0	0	-945	0	30/09/2016
18	0	0	0	-34	0	30/09/2016
381,363	0	0	0	12,324	24,963	30/09/2016
60,686	0	0	9,246	6,049	4,491	30/09/2016
2,718	0	0	0	-83	0	30/06/2016
8	0	0	0	0	0	30/09/2016
36	0	0	0	0	0	30/09/2016
500	6,336	0	77,571	1,879	0	31/12/2015
20	0	0	0	18	0	30/09/2016
1,234	5,205	0	20,252	2,706	0	30/09/2016
15	0	0	0	-6	0	30/09/2016

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Note 23 Events after the reporting period

Plagne Aime 2000 ski resort development projects

Pierre & Vacances, acting as planner, developer and operator, and the Wilmotte & Associés architectural practice, have been charged with constructing a New Tourism Unit to create a "5th generation ski resort" on the Plagne Aime 2000 site.

The project consists of three phases:

- a Pierre & Vacances premium residence of 120 apartments, with top-of-the-range services and leisure facilities (swimming pool, solarium, etc.);
- a Pierre & Vacances Famille residence with 370 apartments, a water park, a shopping mall, conference rooms, a nursery and a restaurant with panoramic views;
- a 160-room "Folie Douce" hotel with a well-being centre equipped with a spa and an entertainment centre that includes a nightclub.

Delivery of the first phase is scheduled for winter 2019.

Management of tourism activities for the Villages Nature project

Sharing the same objective of making Villages Nature a European-scale ecotourism destination, on 21 October 2016, the two partners, Euro Disney S.C.A. and Pierre & Vacances-Center Parcs, announced that a subsidiary of the Pierre & Vacances-Center Parcs Group had been charged with commercial and operational management of the project.

The governance of the joint venture remains unchanged.

Center Parcs Roybon project in the Isère region

Plans to set up a Center Parcs village in the commune of Roybon in Isère met with opposition from certain associations.

An appeal was launched in November 2014 against the prefectural orders issued in October 2014, authorising the project under the Water Act and the Protected Species Derogation. On 23 December 2014, the Administrative Court of Grenoble ruled on their emergency suspension proceedings: only the order related to the Water Act had been suspended which had led the Group to appeal to the French Council of State.

On 18 June 2015, the French Council of State overturned the emergency order issued by the Administrative Court of Grenoble of 23 December on the suspension of the works under the Water Act.

On 16 July 2015, the Administrative Court of Grenoble confirmed the legality of the "protected species act" derogation, which led opponents of the scheme to launch an appeal, and overturned the order relating to the Water Act solely on the ground of the location of compensatory measures. Both decisions were appealed to the Administrative Court of Appeal of Lyon.

On 3 November 2016, a first hearing was held in this Court.

On 22 November 2016, the Lyons Appeals Court decided to set a new date for the examination of the dispute over the Water Law and Protected Species decrees, i.e on 12 December 2016.

4.3.4 Five-year financial summary

Information type	Year ending 30 September 2012	2013	2014	2015	2016
I- Financial position					
a) Share capital	88,215	88,215	88,215	88,215	98,017
b) Number of shares issued	8,821,551	8,821,551	8,821,551	8,821,551	9,801,723
c) Par value *(in €)*	10.00	10.00	10.00	10.00	10.00
II- Results of transactions					
a) Revenue before tax	8,725	9,481	12,708	16,482	12,485
b) Income before tax, depreciation, amortisation and impairment	24,539	-12,425	47,716	26,038	47,772
c) Income tax	-12,371	-13,856	-10,011	-11,462	-31,878
d) Income after tax, depreciation, amortisation and impairment	32,350	-113,490	30,309	73,060	121,387
e) Profits distributed	-	-	-	-	-
III- Earnings per share *(in €)*					
a) Income after tax, but before depreciation, amortisation and impairment	4.18	0.16	6.54	4.25	8.13
b) Income after tax, depreciation, amortisation and impairment	3.67	-12.87	3.44	8.28	12.38
c) Dividend per share	0.00	0.00	0.00	0.00	0.00
IV- Employees					
a) Number of employees					
b) Employee expenses, excluding benefits	None				
c) Employee benefit expenses					

4.4 Statutory Auditors' report on the parent company financial statements

Financial year ending 30 September 2016

To the Shareholders,

In compliance with the assignment entrusted to us by your Shareholders' Ordinary Meeting, we hereby report to you, for the year ended 30 September 2016, on:

- the audit of the accompanying annual financial statements of Pierre et Vacances;
- the justification of our assessments;
- the specific verifications and information required by law.

The annual financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

1. Opinion on the annual financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the annual financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the annual financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the annual financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the annual financial statements give a true and fair view of the assets and liabilities and of the financial position of Pierre et Vacances SA., as well as of the results of its operations for the year then ended in accordance with French accounting principles and methods.

2. Justification of our assessments

In accordance with the provisions of Article L. 823-9 of the French Commercial Code on the justification of our assessments, please note the following items:

Section 2 "Significant accounting policies" of the notes to the financial statements describes in particular the principles and methods related to the measurement of investments in associates and other long-term equity investments and Note 1 "Non-current Assets" of section 3 "Additional information on the statement of financial position and income statement" sets out the impairment losses recognised on certain investment securities. Our assessment of these valuations is based on the process implemented by your Company to establish the value in use of equity holdings. Our work notably consisted of assessing the data used by your Company to establish the value of these estimates and the ensuing impairment amounts. On this basis, we assessed whether or not the resulting estimations and depreciation were reasonable.

These assessments were made as part of our audit of the annual financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

3. Specific verifications and information

In accordance with the professional standards applicable in France, we have also performed the specific verifications required by law.

We have no matters to report regarding the fair presentation and consistency with the annual financial statements of the information given in the Board of Directors management report and in the documents sent to shareholders on the financial position and the annual financial statements.

As regards the information provided pursuant to Article L. 225-102-1 of the French Commercial Code on remuneration and benefits paid to executive and non-executive corporate officers and commitments made in their favour, we verified the consistency of this information with the information given in the financial statements or with the data used to prepare the financial statements, and, if applicable, with the information received by the Company from the companies which control it or which are controlled by it. On the basis of this work, we certify that this information is accurate and fair.

In accordance with French law, we have verified that the required information concerning the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Neuilly-sur-Seine and Paris-La Défense, France, 13 December 2016

The Statutory Auditors

GRANT THORNTON	ERNST & YOUNG et Autres
French member of Grant Thornton International	
Virginie Palethorpe	Bruno Bizet

Center Parcs – Domaine des Hauts de Bruyères – Sologne (France)

5

Social, societal and environmental **responsibility**

5.1 Our sustainable development policy

5.1.1 Creating shared value

Our Group, Pierre & Vacances-Center Parcs, welcomes over 8 million customers every year to close to 200 sites in 5 countries. It manages a portfolio of over 22,500 owners. Our offering is largely based on local tourism accommodation which is well-integrated with the local community. Our business model combines property development and tourism operations. Our offering and business model help us to build a coherent social and environmental responsibility strategy which fits in with the company's growth strategy and meets the expectations of our customers and all of our stakeholders.

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

- to its 12,107 employees, to provide them with the best working conditions and enable them to grow and develop professionally in all roles;
- to its local partners, with which it builds long-term connections in each community as a socio-economic player;
- to the natural spaces where its sites are located, which directly contribute to the appeal of its sites and residences;
- to its shareholders and investors for whom non-financial performance is part of the long-term value of their investment.

Our customers, owners, shareholders and investors have been placing their trust in us for almost 50 years. Our Group's longevity is a result of the proven capacity of our teams in financing property development projects and bringing unique and innovative concepts to life, which are designed to meet tourists' current and future expectations. In this process, sustainable development is a real driver of creativity, in relation to architecture, to our decision to use more environmentally-friendly energy sources (such as geothermal energy for the Villages Nature Paris project) and to the experiences we offer our customers (wildlife at the Center Parcs Domaine du Bois aux Daims, Villages Nature Paris, etc.). In addition to new projects, this approach is also applied to older holiday destinations that we are revitalising through innovative concepts (*e.g.* the new project at Aime la Plagne, cf. p 144).

Our Group's reputation is closely linked to the customer satisfaction and customer relationship expertise it has developed over the years. This know-how enables us to provide tourism and property management services which meet stringent quality standards and offer services which suit changing lifestyles (digitisation, the need to reconnect with family or friends, concern for the environment, proximity to nature and local cultural wealth, etc.)

Therefore, our ambition is to provide specific responses for all of our stakeholders and to contribute to overcoming, as a leader in our sector, the environmental and societal challenges of our time. This responsible approach contributes to the Group's overall performance, and the success of its growth strategy (in France, Europe and new international markets such as China). It creates long-term value.

Inclusion in non-financial rankings

- For the seventh consecutive year, the Group was listed in the 2016 Gaïa-Index. This index lists the 70 companies (SMEs, mid-sized companies) with the best non-financial performance. The Group is also eligible for the Ethibel EXCELLENCE investment register, its CSR performance having been judged better than average in its sector. Moreover, the Group regularly responds to ratings agency questionnaires, giving investors access to detailed external analysis of our Sustainable Development policy. Its cooperation with the VIGEO ratings agency was deemed "proactive" in terms of disclosing information.

5.1.2 Our commitments

The Group's commitments

Our CSR strategy is based on the following commitments:

- **Implementing a responsible employer policy**

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

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

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

- **Making sustainability a part of our teams' everyday life**

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

- **Involving our customers**

Holidays are a special time to meet with family and friends, discover new regions and take an interest in our surrounding environment. For us, this is an opportunity to make our customers, and especially children, more aware of nature preservation through fun initiatives and activities.

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

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

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

The policies of the brand

Pierre & Vacances

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

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

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

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

Center Parcs

The Center Parcs brand has made its sustainability vision more precise and defined a sustainable development programme, Natur*all* *(La Nature et Nous)* which focuses on Nature and Humans. The programme sets out quantifiable targets for decreased water and energy use and increased waste recycling. It also clearly communicates the brand's intention to act as a responsible employer, contribute to local economic growth and make customers aware of environmental issues in a fun way.

5.1.3 Our organisation

The Sustainable Development Department reports to the Deputy Chief Executive Officer and decides the Group's CSR (Corporate Social Responsibility) strategy in liaison with the Operational Departments. It supports the departments in implementing action plans and coordinates non-financial reporting. All the Group's business activities in both the tourism and property businesses, and the support functions help move the CSR approach forward within the Group. The Sustainable Development Department is also involved in reflection relative to the deployment of new products and services, and in developing new tourism concepts internationally.

Reporting scope

The reporting reference year runs from 1 October 2015 to 30 September 2016.

The Adagio brand is no longer included in the reporting scope. In previous years the employment data and data on water and energy use of the aparthotels located in France were published in this report. The Adagio data will be included in the next Registration Document for AccorHotels, as the brand has signed up to the AccorHotels sustainability programme.

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

For environmental data, the reference scope is all of the Group's operational units at 30 September 2016, with the exception of Les Senioriales. The Group does not monitor water and energy use for this brand. In those sites, Pierre & Vacances-Center Parcs offers many services. But the Group acts as a real estate developer and not as the site operator.

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

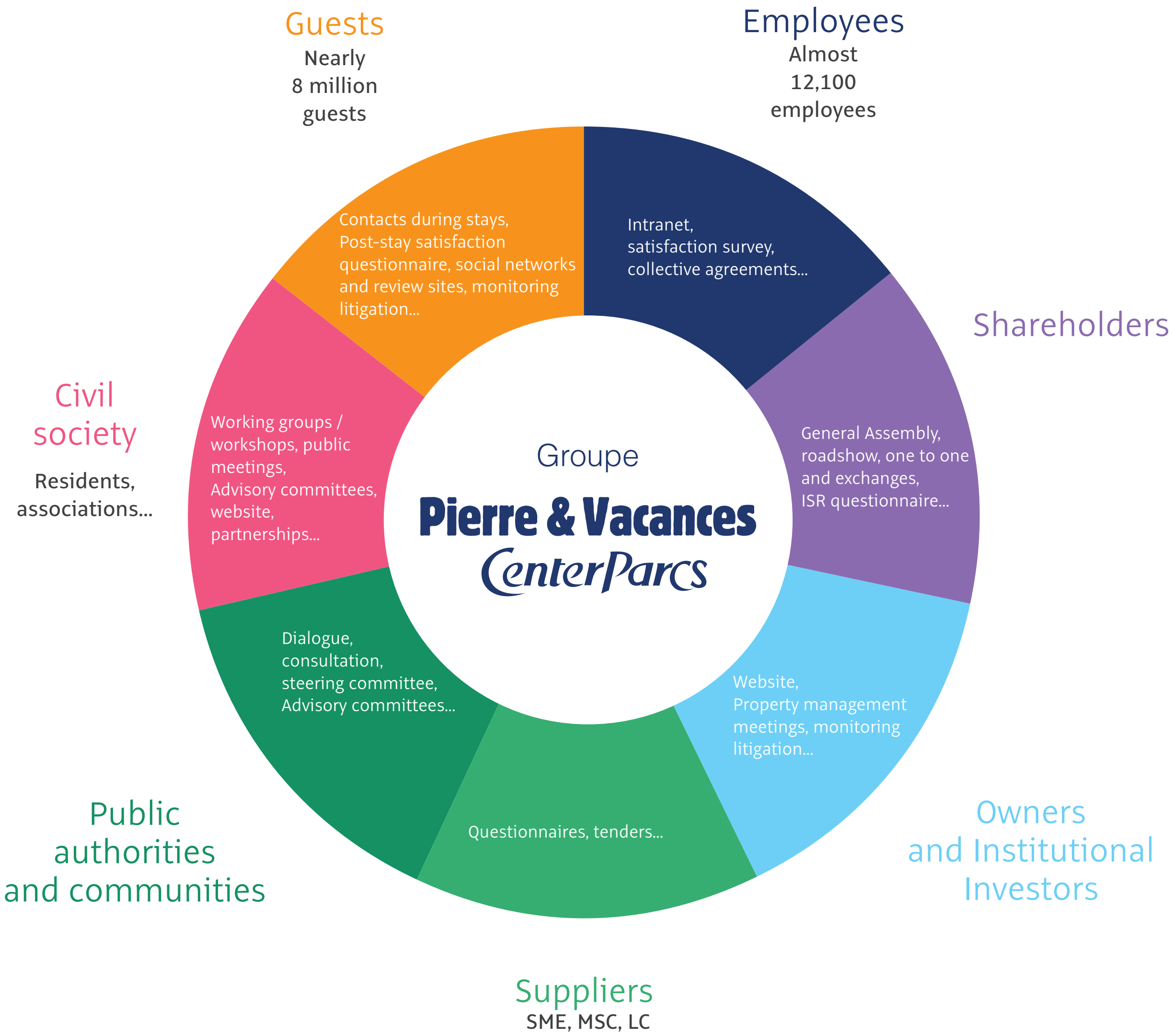
Find the details of indicators in the CSR reporting on www.groupepvcp.com, Sustainable Development section.

5.1.4 Our CSR objectives

CSR approach	Targets	Scope	Reference	Work focuses in 2016/2017 in line with 2015/2016 achievements
Implementing a responsible employer policy				
Well-being	Monitoring employee satisfaction	Group	5.2.3.1	Establishing and rolling out action plans suitable for each department
Performance	Making managers the base of team performance	Group	5.2.2.1	Strengthening and widening measures to other management levels
Skill management	Offering rewarding professional experiences associated with our employment model	Group	5.2.1.1 and 5.2.2.2	Continuing to professionalise our skill development policy
Equal opportunity	Ensuring equal opportunities between employees	Group	5.2.1.2 and 5.2.5	Steering performance
Security	Ensuring a safe working environment	Group	5.2.4	Steering performance
Enhancing the natural capital of our sites and reducing our environmental impact				
Water & energy	Optimising the sites' water and energy use Natur*all* target for Center Parcs by 2020: - reducing energy use by 20% (compared with 2010); - reducing water use by 20% (compared with 2010).	Group	5.3.2.1	Fine-tuning consumption analysis at all operational sites Implementing Pegase at all Pierre & Vacances sites and adapt it to Center Parcs Ensuring that new projects meet performance standards
Renewable energies	Increasing the share of renewable energies	Group	5.2.3.1	Developing renewable energies for new major projects
Waste	Optimising waste monitoring at Pierre & Vacances sites Natur*all* target for Center Parcs by 2020: - recycling 50% of waste	Group	5.3.3	Devising a way of collecting waste data on Pierre & Vacances pilot sites Share good practice and come up with innovative solutions
Biodiversity	Implementing measures to preserve and monitor biodiversity on the sites (in the construction and operational phases)	Group	5.3.6	Biodiversity monitoring on the Domaine du Bois aux Daims Monitoring of biodiversity measures at Villages Nature Paris opening Ensuring that preservation of biodiversity is taken into account in new projects

CSR approach	Targets	Scope	Reference	Work focuses in 2016/2017 in line with 2015/2016 achievements
Making sustainability a part of our teams' everyday life				
Sustainability management tool	Monitoring the sustainability performance of our sites using a dedicated management and reporting tool (BEST!)	Group	5.3.1.1	Rolling out the new version of BEST at the Group level
Label	◆ Pursuing environmental certification programmes for our sites:	Group	5.3.1.2	
	◆ Reaching 100% of Pierre & Vacances premium sites with the Green Key certification in 2018 and maintaining the certification for sites which already have it	Pierre & Vacances	5.3.1.2	Continuing labelling of new Pierre & Vacances premium sites with a view to reaching the target (54% in 2016)
	◆ Maintaining ISO 14001 certification for 100% of sites	Center Parcs France	5.3.1.2	Implement the 2015 version of standard ISO 14001
Involving our customers				
Raising awareness among children and families	Offering children activities to make them aware of sustainable development issues and associated with nature Natur*all* target for 2020: ◆ Raising awareness among our guests in a fun way	Group	5.5.1.2	Continuing and strengthening the Eco'lidays programmes in the Pierre & Vacances villages and the "Wanna be…" activities link with nature at Center Parcs Continuing to organise the Kids Climate Conference in Europe An activity programme focused on nature discovery at Villages Nature Paris
Communication	Communicating our commitments and making our clients aware of good practices during their stay	Group	5.5.2.2	Rolling out communication tools at the sites Developing a customer process and activities for the Villages Nature Paris opening
Being a long-term partner to the regions				
Purchases	A local purchasing policy for the sites (in the construction and operational phases)	Group	5.4.1.2	Measuring the socio-economic impact of certain pilot sites and implementing a monitoring indicator for the operational phase
Recruitment	Recruiting locally during major project openings (Center Parcs, Villages Nature Paris)	Center Parcs	5.4.1.1 and 5.4.1.2	Implementing the measures planned for in the employment convention for recruiting the operating team at Villages Nature Paris
Stakeholders	Establishing a consultation of local stakeholders for all our major projects (Center Parcs, Villages Nature Paris)	Group	5.4.1.1	Continuing local consultation policies

Our Stakeholders and Dialogue Tools



5.2 Our social responsibility

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

5.2.1.1 The Group's business lines

The Group's profile

12,107[13] people work for the Pierre & Vacances-Center Parcs Group, across a total holiday residence portfolio of close to 200 sites, located in France and Europe.

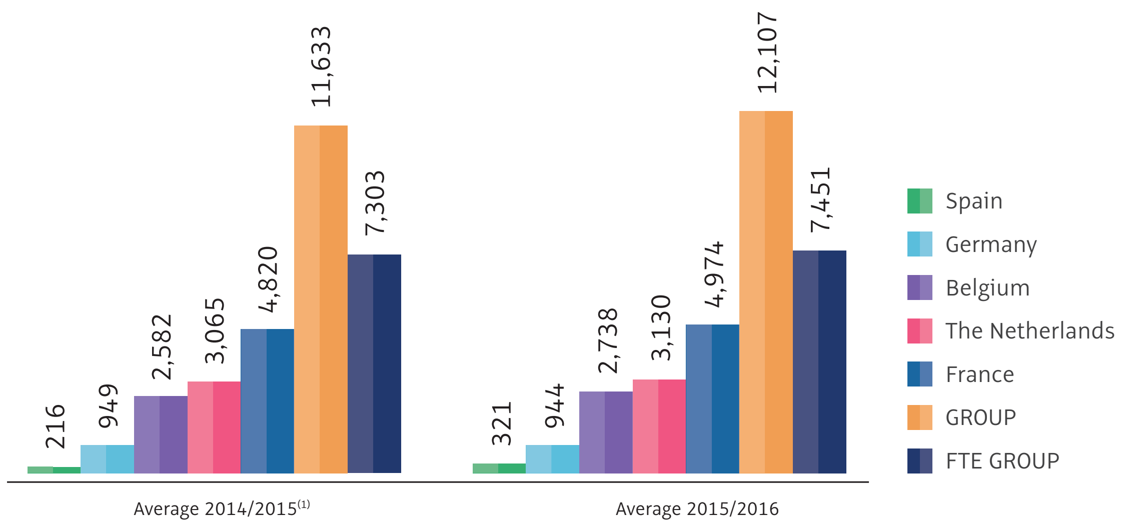
The Group's business lines are:

- tourism operations: welcome, reception, technical, security, housekeeping, swimming pools, site management, operational control, catering (few employees in this area as this work is subcontracted on the largest sites);
- business functions and customer relations;
- support functions: finance, general services, security, sustainable development, IT, purchasing, legal, human resources, communication;
- property development: property development and promotion, property marketing and management, owner relations.

Key employment figures within the Group

The number of Group employees rose slightly (+4 percentage points and +2 percentage points in full-time equivalent terms) over the financial year. These changes are a result of customers being able to arrive on any day of the week and to stay as long as they wish and, to a lesser extent, of the opening of sites in Spain. This has led to more people being recruited on part-time contracts, particularly for cleaning work.

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

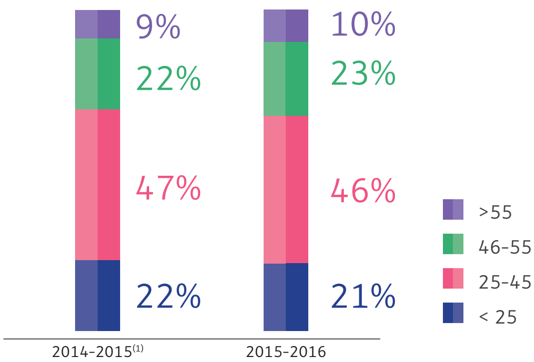


(1) Adjusted data for 2014/2015 on the France perimeter excluding Adagio and following the new reporting protocole

(13) Including the brands of the Pierre & Vacances, Maeva, Les Senioriales,Center Parcs and Sunparks portfolio.

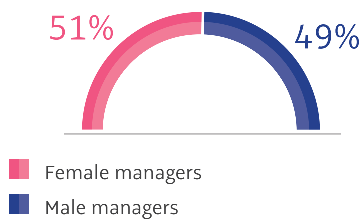
Breakdown of employees by country

Breakdown of employees on 30/09/16 by age range

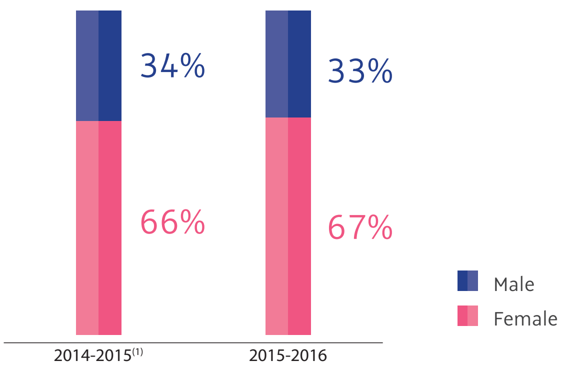


(1) Adjusted data for 2014/2015 on the France perimeter excluding Adagio and following the new reporting protocole

Proportion of women in management at 30/09/2016



Breakdown of employees by gender



(1) Adjusted data for 2014/2015 on the France perimeter excluding Adagio and following the new reporting protocole

The focus of our human resources policy and our employment model

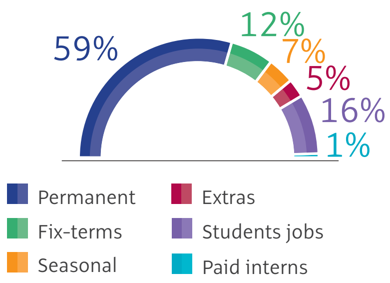
Features inherent to the tourism industry (seasonal nature, variety of jobs, customer service focus, with over 8 million customers visiting each year), the specific features of the Group, whose business is based on two complementary areas of expertise (property and tourism), the diverse range of our operational sites (close to 200 sites, of all sizes across five countries): these different parameters steer our Human Resources policy.

The policy aims to:

- develop a stringent managerial culture, shared by all, across all brands and countries. This managerial culture is the cornerstone of the Group's corporate culture;
- develop the skills of all our employees and boost their commitment to ensure our customers receive a quality service;
- ensure good working conditions, proper inclusion of all, particularly seasonal staff, and build a long-term relationship with our part-time employees.

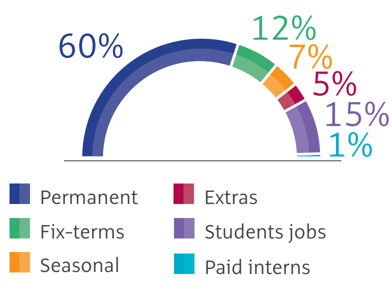
This year, there was a particular focus on three areas: continuing to develop the managerial culture, enhancing skills and engaging employees.

Breakdown of employees at 30/09 by contract type 2014-2015[1]

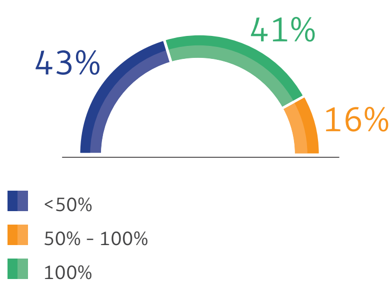


(1) Adjusted data for 2014/2015 on the France perimeter excluding Adagio and following the new reporting protocole

Breakdown of employees at 30/09 by contract type 2015-2016



Breakdown of contracts by rate of activity



Breakdown of departures by reason

Staff turnover

Turnover Center Parcs Bois aux Daims opening in July 2015 has led to an increase in staff turnover during the 2014/2015 fiscal year (which is a normal phenomenon when opening a new site). As the staff are now in place on this site the turnover decreased this year from 16.8% to 14.9%.

Turnover	2014/2015 (1)	2015/2016
Number of new staff	1 765	1 538
Number of departures	1 715	1 368
TURNOVER RATE	**16,8 %**	**14,9 %**

(1) Adjusted data for 2014/2015 on the France perimeter excluding Adagio and following the new reporting protocole

5.2.1.2 Recruitment policy: capitalise on the Group's expertise and attract future talent

Our recruitment policy is above all designed to capitalise on in-house know-how and skills. Chaired by the Group's HR Department, the Employment Committee examines the consistency of recruitment applications for permanent and fixed-term contract staff of over 6 months. Priority is given to internal applications, especially for operational roles. During the 2015/2016 financial year, 25% of jobs approved by the committee came from internal transfers (24% in 2014/2015).

For external recruitment, this financial year we continued our digital recruitment strategy with a view to attracting the best candidates, by increasing the Group's visibility on social networks (LinkedIn, Twitter and other local social networks).

Finally, the relationship with higher education institutions has been improved, and new partnerships have been forged with the top 10 business schools in France and other higher education institutions in the property and tourism sectors. 37% of our graduated interns were taken on on fixed-term or permanent contracts following their internship.

5

5.2.2 Employee development

5.2.2.1 Managers at the heart of the Group's performance

Convinced of the importance of the role of managers within the organisation, in the 2014/2015 financial year the Human Resources Department implemented a universal strategy on "managerial pathways". Its objective: to support managers in their role as leaders, coaches and agents of change. This strategy has been developed and improved over the financial year, spearheaded by a community of the Group's managers, called the B-Community.

Strengthening the managerial community

Launched in September 2015, the B-Community is part of a collaborative and interactive approach. It is intended to create links and facilitate discussion among managers, improve their skills and develop a shared Group managerial culture across all countries, brands and departments. It also enables the Group to effectively relay its vision and strategy to its teams.

The community lives through its multiple and very concrete actions: annual managerial seminars at Group level ("1Team1Time") and at brand level, dedicated internal social network ("Yammer"), cross-Group working groups, etc.

A Group-specific management culture

At the end of 2014, B-CORE, a shared set of basic managerial values focusing on customer satisfaction and team conduct, was also defined. This resulted in a leadership training programme being rolled out for the Group's leaders (around 200 managers). The programme includes a shared base, targeted in-depth training, phone coaching, etc. In 2015/2016 this programme was extended to managers of managers, with dedicated modules tailored to each specific business line (Pierre & Vacances, Center Parcs and head offices).

5.2.2.2 Training – key to meeting business targets

In response to changing expectations and consumer trends, particularly the growing importance of digitisation in the customer experience, the "Service" training programme for operational teams has been improved, particularly the "customer welcome" section, so as to ensure the expected service quality.

The "App@Work" tool has also been rolled out this year at all European Center Parcs sites. This online training and discussion platform aims to circulate the quality standards to the on-site teams. It makes it possible to organise challenges to increase team sensitivity to customer orientation. App@Work won the "Quality and Development Award" in Belgium.

The Work@PV programme for site managers has been implemented across the Pierre & Vacances brand. With an information module on the specific features of each site and training on the brand's practices and expectations in terms of customer welcome and additional sales, it has helped integrate seasonal workers into the teams.

Successfully integrating seasonal workers

The seasonal nature of the tourism industry means that fixed-term contracts and seasonal workers are needed, particularly for the Pierre & Vacances sites. For young workers, seasonal work with the Group is often the first step in their career path. For others, it is a chance for vocational training in the tourism industry.

The Group has developed specific initiatives for these workers. To ensure that brand quality standards are met, specialised training and integration processes (such as Work@PV, for Pierre & Vacances) are in place for these workers. Thus, 56% of employees attended at least one training session at Pierre & Vacances in 2015/2016. Furthermore, in mountain resorts, accommodation is included in most of seasonal workers' contracts, as it is usually scarce and costly.

For many years, the Group has chosen not to compromise on the health and safety of its employees and customers. In this regard, specific health and safety training programmes have been delivered over the financial year (both face to face and *via* e-learning) on topics such as electrician accreditations and driving of snowmobiles, etc.

In addition to the group or individual technical training delivered every year to adapt and develop employees to do their work, this year there was a focus on:

- business line expertise, notably to integrate new digital and web marketing skills;
- sales training, for support teams and particularly call centre teams, to meet our revenue targets.

Training hours distribution

Training

	2014/2015 [(1)]	2015/2016
Total number of training hours	84 696	88 906
Average number of training hours per employee	13,2	13,1
Proportion of employees trained	55 %	56 %
Proportion of women among trained employees	66 %	65 %
Training budget	2 295 394 €	3 341 250 €

(1) Adjusted data for 2014/2015 on the France perimeter excluding Adagio and following the new reporting protocole

5.2.2.3 A performance evaluation process to improve career management

Performance evaluation is a key process of the managerial function. Designed to evaluate the performance of our employees, their potential, their strengths and weaknesses, this evaluation is also an opportunity to work on employees' individual interests and implement tailored training plans. It is also an opportunity for HR teams to identify "Key People" and talent in coordination with the Managers.

The formalisation of this evaluation process continued this year, with digital formats being rolled out, unique to the whole Group. 87% of employees attended one of these interviews in 2015/2016, compared with 95% last year.

5.2.2.4 Specific management of Key People to prepare for the future

A policy to manage skills and key specialists was initiated in 2014/2015, with an initial identification of the Group's Key People. More closely monitored by the HR teams, these Key People received individually-tailored action plans to develop them and ensure their commitment to the Group.

More structure was added to this approach throughout the 2015/2016 financial year. It will be further developed in 2016/2017 to provide the talented individuals identified with career and development opportunities.

5.2.3 Listening, communicating, open dialogue

5.2.3.1 Measuring and improving employee well-being and commitment

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

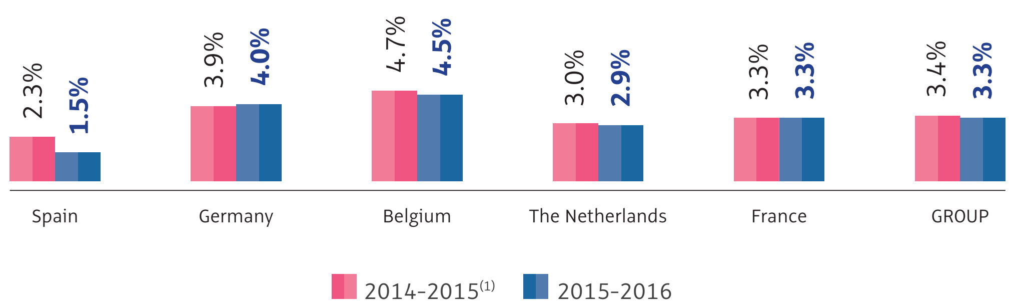
A "Happy@Work" survey was conducted in 2014/2015 on all Group employees. The participation rate was 63%, which is very high for a first survey. It revealed some strong points, such as the employee satisfaction rate (77.5%) and pride in belonging to the Group (95%). To meet the expectations which came out of the survey, a great many targeted action plans were defined and initiated in the 2015/2016 financial year. Another "Happy@Work" survey will be launched in early 2017 to measure the impact of the measures taken, notably the internal communications efforts.

5.2.3.2 Tackling absenteeism: a priority for the Group in 2015/2016

Absenteeism is a strategic indicator for human resources management. The absenteeism rate was 3.3% this year, down slightly from last year (3.4% – recalculated according to the method selected in 2015/2016 which excludes long-term absences).

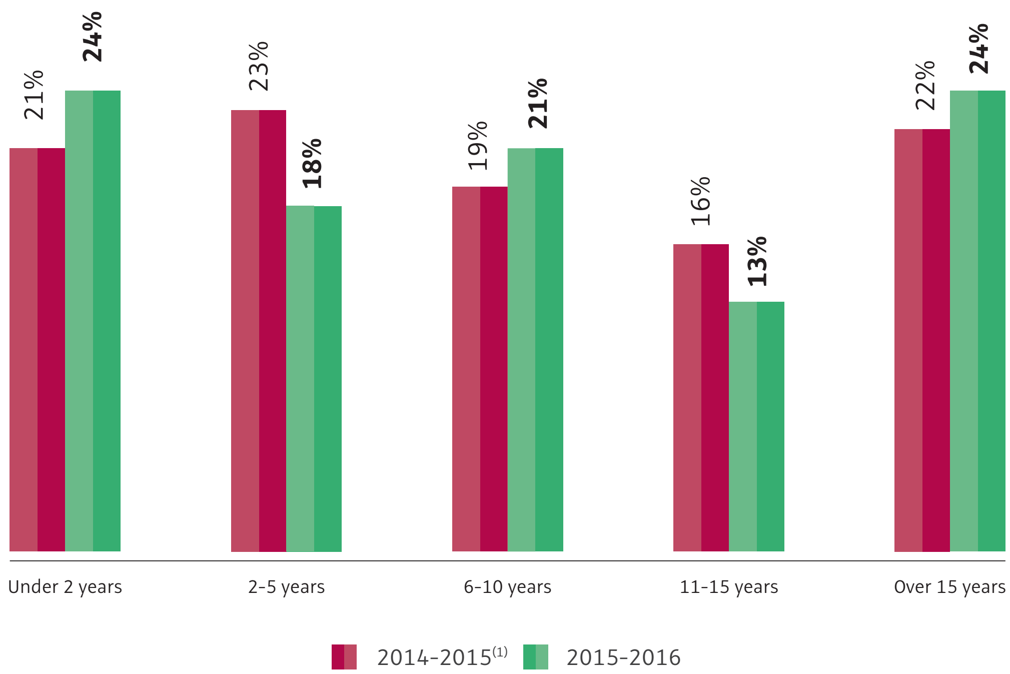
A study conducted over the year on each site resulted in an employee support process being defined, in a benevolent spirit. The structural causes of absences have gradually been identified so that effective long-term action can be taken.

Absenteeism rate



(1) Adjusted data for 2014/2015 on the France perimeter excluding Adagio and following the new reporting protocole (long-term absences excluded).

Breakdown of employees present at 30 September 2016 by years of service



(1) Adjusted data for 2014/2015 on the France perimeter excluding Adagio and following the new reporting protocole.

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

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

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

After the success of the road shows launched in 2014/2015, two meetings were also organised this year between the directors of each brand – Pierre & Vacances and Center Parcs – and the on-site teams. In total, over 3,310 on-site employees took part in these meetings.

5.2.3.4 Developing CSR culture internally

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

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

Two factors have helped raise awareness among teams of CSR matters: the ongoing effort in the last few years to roll out a CSR culture internally (special events, training, notes to the Executive Committee, etc.) and the seniority of the employees (over a third of employees have worked at the Group for 11 years or more). This maturity has enabled us to formalise sustainability commitments specific to each brand. It will be a vital way of meeting the targets set.

5.2.3.5 Employee relations and collective agreements

The Group respects freedom of association and the right to collective negotiation in the countries where it operates. Around 554 meetings were held with staff representatives across the Group during the 2015/2016 financial year. The Group is keen for constructive social dialogue to flourish, this being a mark of quality employee relations. Staff representatives are regularly informed, consulted and involved in the main decisions taken. The Group works with staff representatives in every European country where it is present and adheres to national labour legislation. A European Works Council (EWC), with representatives of each country meets at least twice a year. Finally, the Group complies with the labour standards of the International Labour Organization (ILO). The Group – excluding Aparthotels Adagio – has more than 99% of its operations in the European Union, where employment regulations are well-developed via democratic parliamentary systems. Further, social audits are performed on tier one suppliers in countries identified as high risk by the Business Compliance Initiative, such as China, to ensure compliance with international employment law standards.

List of collective agreements in force

Agreements	Scope	Year of signature	Duration of validity
GPIEC – Action plan on strategic workforce management [(1)]	Supports economic and social unit (UES) and S.I.T.I.[(2)]	2014	3 years
Teleworking	Supports economic and social unit (UES) and PVCI [(3)]	2008	Unspecified
Gender equality	France excluding S.I.T.I. and Les Senioriales	2013	Unspecified
Disability	France	2015	3 years
Employee profit-sharing	France	2012	Unspecified
Organisation of working time	France except Aparthotels Adagio	2015	Unspecified
Health Insurance Agreements	Tourism economic and social unit (UES) and PVCI	2016	Unspecified
Agreement report for the yearly obligatory negotiation	Tourism economic and social unit (UES) and PVCI	2016	Annual
Guadeloupe profit-sharing	SET Pierre & Vacances Guadeloupe	2016	3 years
Method agreement on psychosocial risks	Tourism economic and social unit (UES)	2010	Unspecified
Electronic vote	Tourism economic and social unit (UES) and PVCI	2015	Unspecified
Action plan on hardship at the workplace	Pierre & Vacances France	2012	3 years
Collective Labour Agreement concerning the tourism sector	Events employees in the Netherlands	2015	2 years
Collective agreement on the organisation and structure of social partners (trade unions and staff representatives)	Belgium	2015	4 years
Agreement on HR-Rodibus controlling	The Netherlands	2013	3 years
Mercer CZ Assurance Santé	The Netherlands	2009	One year renewable each year
Mutuelle Aegon WIA [(3)]	The Netherlands	2009	One year renewable each year
Pension scheme	The Netherlands	2015	3 years
Digital lunch vouchers	Belgium	2013	Unspecified
Temporary unemployment	Belgium	2012	Unspecified

(1) Gestion Prévisionnelle Intergénérationnelle des Emplois et des Compétences.
(2) Société d'Investissement Touristique et Immobilier.
(3) Law on labour and social revenues depending on working ability.

5.2.4 Providing a safe working environment

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

For Pierre & Vacances France

A reorganisation of the Prevention and Safety Department started in 2013, and an Operating Risk Manager for Prevention and Security France has been appointed. Regional correspondents represent this manager on the ground and ensure the smooth roll-out of the procedures defined at the brand level. Each Pierre & Vacances and Maeva site has a regional security officer as an exclusive contact, for all risk areas identified: legionella, private and public pools, health and safety at work, fire safety, general safety, leisure activities, crisis management. Moreover, audits are systematically performed on the residences, and related training sessions implemented.

In the 2015/2016 financial year, a new risk analysis and prevention tool, hosted on a dedicated software, was rolled out at all sites. The tool can be used to perform a risk analysis and produce a "Unique Document" (risk report) for each site.

Like each year, training sessions on risk prevention and safety were delivered to all regional directors, area directors, site directors, and technical managers. A specific e-learning session on legionella risk takes place before every season.

Furthermore, in accordance with legislation, a Scheduled Accessibility Agenda has been implemented for all Pierre & Vacances residences in France. A budget of €6 million has been set aside and a plan for the roll-out of the works devised up to 2021.

For Center Parcs Europe

Since 2014/2015 financial year the Operational Risks Department evolved from a centralised organisation to a country-based organisation, with a risk manager being appointed for each country. This arrangement allows better monitoring of needs and changes in laws and local regulations, providing the operational teams of each country with a national contact person.

The process for managing operational risks is based on ISO standard 14001. It focuses not only on environmental risks, but also on eight other risk areas, linked to the specific features of each brand: fire safety, drinking water hygiene, food hygiene, safety of high-risk activities for customers, prevention in terms of pool hygiene and safety, employee health and safety, general safety and legionella prevention.

Satisfactory risk management has been confirmed within Center Parcs this year from two separate sources. The Center Parcs insurer carried out an inspection on 30% of the sites and considered the risk management system to be "good" and "excellent". Furthermore, a new site (Center Parcs Domaine du Bois aux Daims) passed its ISO 14001 audit visit.

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Safety at work

	2014/2015 (1)	2015/2016
Frequency rate of workplace accidents	23,9	26,4
Severity rate of accidents	0,54	0,67

(1) Adjusted data for 2014/2015 on the France perimeter excluding Adagio and following the new reporting protocole

5.2.5 Diversity and equal opportunity

5.2.5.1 A transparent and fair remuneration policy

Remuneration and employee benefits are a source of leverage for improving performance. Continuing the consistency and optimisation effort begun over the last two financial years, remuneration is measured against employee performance and is subject to prior validation by the Remuneration and Social Benefits department. This enables us to offer remuneration levels in line with the market, performance and our employees' potential. Further, the variable portion of remuneration is set for the year in line with the company's strategy.

Staff costs totalled €324,162,000 for FY 2015/2016 (detail and evolution page 135).

5.2.5.2 Diversity and equal opportunity at work

The diversity of our employees is an asset. It represents the diversity of the customers we welcome to our sites.

Gender equality

Women make up 67% of employees, and the proportion of women in management roles (51%), has remained stable over the last few years. This figure remained stable in recent years. Women account for 65% of all employees trained, which reflects the proportion of women within the Group staff as a whole.

To formalise its commitment to maintaining gender equality, the Group signed a workplace gender equality agreement for its French operations in February 2013.

Inclusion of people with disabilities

Since 2005, the Group has been taking specific action to promote the employment of workers with disabilities and keep them in work. A Disability Agreement was renewed in 2015 for three years.

This means that the Group's disability taskforce implements a proactive policy based on specific information and awareness-raising initiatives which respond to the problems of the various entities. This year, these actions focused on raising awareness among support teams, particularly the purchasing teams, about purchasing from the protected sector. Moreover, the network of disability representatives (HR managers; Hygiene, Safety and Working Conditions Committee; and members of the Disability Commission), which was set up last year to better implement the policy on the sites, has continued its work.

This year, the target of 10 permanent jobs was exceeded, bringing to 170 the number of workers with disabilities within Pierre & Vacances France, and the percentage of workers with disabilities to 3.4% (compared with 178 and 3.7% last year, respectively).

This initiative has gone above and beyond the requirements of French legislation. Center Parcs is implementing strategies to include people with disabilities, and has been awarded a PSO label. This label rewards Dutch companies committed to include persons removed from the job market.

Employment of workers with disabilities

	2014/2015 (1)	2015/2016
Proportion of employees recognised as disabled	3,7 %	3,4 %
Number of employees with disabilities during the year	178	170
Number of employees recognised as disabled workers recruited during the year	40	29
Number of adaptations of the working environment for employees with disabilities	3	3

(1) Adjusted data for 2014/2015 on the France perimeter excluding Adagio and following the new reporting protocole

5.3 Our environmental responsibility

5.3.1 The environmental management of our operational sites

5.3.1.1 New tools for the sites

PEGASE, a new portal for on-site teams

A range of tools have been developed to enable operational teams to better maintain facilities, monitor and manage energy and water use, and interactions with customers.

A new version of the energy and water monitoring tool, ICARE, was developed this year. It is more dynamic and gives information on a day-to-day basis about the consumption of the sites, generating indicators to increase reliability, optimise monitoring and identify abnormal discrepancies, making analysis easier for operational teams, regional managers and the strategic support team. Operational since September 2016 for Pierre & Vacances residences and Maeva, ICARE will be adapted to the needs of Center Parcs and Sunparks sites. Site consumption data and the annual data consolidation was done with the previous version of Icare tool.

A new FMS (Facility Management System) tool was also launched this year. Shared by all the sites and accessible using a tablet and smart phone, it aims to optimise the processing time of requests for assistance from customers during their stay, facilitate schedule management for housekeeping and technical teams, improve the upkeep of facilities and buildings and build a reliable database on our sites' facilities. It therefore makes a direct contribution to the sites' good performance in terms of water and energy use and customer satisfaction.

Both these new tools can be accessed *via* a single portal, PEGASE, of which BEST is the third facet.

BEST 2: under construction

Since 2011, the sites' sustainability performance has been managed using a self-evaluation questionnaire, BEST, which is sent once a year to site directors. Work began in 2015 to overhaul this system and tailor it more closely to each brand and the environmental labels or certifications deployed on the sites. The aim is also to make the tool more dynamic, so that it is easier for site teams to use.

This new version of BEST, hosted on dedicated software, will be linked to the FMS and ICARE tools. Data on water and energy use will be fed back from ICARE, giving site directors additional quantitative management indicators. BEST will be implemented in partnership with the quality team, which is currently implementing a policy to standardise service, decoration, etc. The environmental part will be deployed during the launch in 2017. The societal part will be added to the tool over the next years.

Finally, for Center Parcs, work is ongoing with the ISO 14001 management teams on site to adapt BEST to the procedures and documents required by the certification.

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5.3.1.2 Eco labels and environmental certifications

The Group has been committed to ISO 14001 certification for Center Parcs sites since 1999 and, since 2010, it has been committed to the Green Key certification for some Pierre & Vacances and Maeva residences. To date, 36% of the holiday residence portfolio has an environmental certification or an eco label (compared with 33% in 2014/2015 – based on the Pierre & Vacances and Center Parcs sites; Adagio Aparthotels ceased to be included in the reporting scope in 2015/2016).

Green Key certification – Pierre & Vacances and Maeva

The Green Key certification was renewed for 2016 in all sites which already had the certification, and five additional sites obtained it for the first time, bringing the number of certified Pierre & Vacances sites to 47. Furthermore, three new Pierre & Vacances premium residences were audited by the Green Key teams in 2015 and are due to obtain their certification in 2017. The aim to achieve certification for all Pierre & Vacances premium sites in mainland France by 2018 is still in place, with a certification rate of 54% of premium sites in 2015/2016 (compared to 45% in 2014/2015). As the Natur*all* Plan has been developed this year, it has been decided that the certification for Center Parcs sites will not be pursued. Moreover, almost all residences with the Green Key certification have been recognised as an EcoLeader or EcoPartner by TripAdvisor's GreenLeaders programme.

ISO 14001 – Center Parcs

Center Parcs reaffirmed its commitment to the environment and society this year with the Natur*all* programme. Successful implementation of Natur*all* relies on the ISO 14001-certified management system. With the successful audit of Center Parcs Domaine du Bois aux Daims in France, all 20 european sites are now certified.

Furthermore, the work begun this year with the operational teams to meet the new requirements of the (ISO 14001: 2015) standard will continue next year.

Finally, to go even further in taking environmental considerations into account, particularly in managing energy on the various sites, the Center Parcs teams have taken a proactive approach and made a commitment to ISO 50001 certification. The processes of this energy management system will be included with the ISO 14001 processes in a single manual, making them easier for on-site teams to deploy.

Natur*all* plan, Center Parcs program

As a European market leader, we want to play a pioneering role in making the sector sustainable, and offer solutions that meets our guests' aspirations and our stakeholders' and shareholders' expectations. With Our Natur*all* Plan, we do care about ALL : our guests, our employees, our local partners… both now in the future. We also care about NATURE in all its aspects, protecting the natural areas where we are located, and making nature a shared enjoyable experience, a place to play and source of emotions for all guests.

Our environmental goals for 2020 are:

- Contribute to climate change mitigation by reducing our energy consumption by 20% compared to 2010;
- reduce our water consumption by 20% compared to 2010;
- recycle 50% of our waste;
- protect and enrich the natural capital.

5.3.2 Sustainable use of water and energy resources

To fine-tune the management of water and energy use on Pierre & Vacances sites, the Group consolidates the water and energy use for which it is directly responsible (*i.e.* use for which joint owners are responsible under management contract with the Group). Therefore, the volumes set out in the table opposite include the share owned by the group for each site. Further, an analysis ratio of usage per overnight stay has been calculated this year, to gain a clearer picture of the occupation pattern of our residences.

5.3.2.1 Managing usage of resources by the sites

For Pierre & Vacances sites in Europe

At the head office, a dedicated Strategic Support team monitors water and energy consumption at the sites, performs budget reconciliation and analyses differences. It also supports regional maintenance managers in producing assessments and alerts them in the event of abnormal, unexplained changes. On site, technical managers are responsible for reading meters, and monitoring energy usage, with their regional officer. Since the 2015/2016 financial year, usage data has been analysed using rain levels and temperatures.

On Pierre & Vacances sites in France and Spain there has been a drop in total energy use over the period (-5.3%), while the number of overnight stays sold has increased 10% for this brand (with strong growth in Spain, where four new sites opened over the year). This fall in usage is mainly due to the mild weather last winter, resulting in less use of heating across all sites. The second important factor is linked to losses from the portfolio of apartments under management by Pierre & Vacances (-2.5%). There is one more reason for this decrease: an awareness-raising campaign led by the strategic support teams gave on-site teams reminders on certain energy-saving procedures.

This fall in volumes combined with the rise in occupancy rates results in a significant drop (-13%) in usage ratios per overnight stay.

There has been a drop in water use, in total volume (-6%) and volume per overnight stay (-15%), partly due to the rise in overnight stays sold and the efforts made to raise staff awareness. Further, major leaks have been detected and repaired, significantly reducing usage at certain sites, such as Lacanau and Village du Rouret. Moreover, a major drive to fit taps with water-saving devices (aerators, shower heads) has helped reduce water usage in the apartments, without affecting customer comfort (see box).

Green, energy-saving devices for Pierre & Vacances residences

- Water-saving devices: Installing aerators and shower heads on the outstanding sites has significantly reduced water use in the apartments. This has resulted in a total usage decrease of 6%, over 10,000 m3 of water saved, for the residences fitted out during the year.
- Catalogue of energy-saving light bulbs: the purchasing team worked alongside the strategic support teams to completely overhaul the light bulb catalogue for the Pierre & Vacances residences, eliminating the most inefficient models. More than 65% of the models will be eligible for energy-saving certificates thanks to their high energy performance.

For Center Parcs and Sunparks

The Natur*all* Plan sets out specific water and energy use targets: cut sites' energy use by 20% and their water use by 10% by 2020 (based on usage per overnight stay[14] – base year 2010).

These targets, which are staggered over the coming years, are in the environment programme of each site and incorporated in the ISO 14001 certification.

Usage is monitored daily by the technical team on each site, and monthly data is checked by an in-house expert who monitors usage across all sites, performs analyses and consolidates data and monitors targets across all sites in Europe. Depending on the performances observed, the expert will suggest action plans and investment plans to continuously improve site performance.

In 2015/2016, there was a 5.2% increase in the total volume of electricity used and a 3.3% rise in the total volume of gas used, linked to the opening of Center Parcs Domaine du Bois aux Daims in France in July 2015. The total energy consumption rate per overnight stay has fallen very slightly (0.3%).

Major investments have been made this year to improve the energy efficiency of the facilities. Run-on-demand extractor fans have been installed in three Center Parcs sites this year. The plan to equip the ten European sites concerned was thus completed. A new aeration system has been fitted on the Kempervenen site. Further, a combined electricity and heat generation system has been fitted in the German Center Parcs site in Sauerland. This has resulted in a 20% increase in gas usage on the site, but has reduced electricity use by 50% and carbon emissions by 13%.

Although the target to reduce energy use by two percentage points this year on Center Parcs sites was only partially attained, the deployment of ISO 50001 certification should make it possible to achieve the expected reductions in the coming years. To meet the requirements of the European Energy Efficiency Directive 2012/27/EU, energy efficiency audits (based on EN 16247-1) took place this year and will result in more precise action plans in order to reach the Natur*all* objectives.

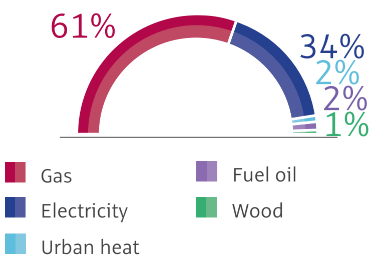
(14) An overnight stay: a night spent by a customer on a site.

Table – water and energy use

	Center Parcs Europe	Pierre & Vacances Europe	Group (1)	Center Parcs Europe	Pierre & Vacances Europe	Group (2)
Total volume of water and energy used by the sites, managed by the Group		**2014/2015**			**2015/2016**	
Number of sites included in the scope:	24	163	187	24	164	188
TOTAL WATER *(M^3)*	**3 161 145**	**1 984 065**	**5 145 210**	**3 324 082**	**1 856 801**	**5 180 883**
Volume of water(m^3)/night (2)	0,83	0,68	0,76	0,83	0,58	0,72
TOTAL ENERGY *(MWH)*	**623 925**	**156 549**	**780 475**	**651 438**	**148 305**	**799 743**
Volume of energy (kWh)/night (2)	164,05	53	116	163,61	46	111
Electricity (MWh)	145 623	120 848	266 471	153 175	116 713	269 888
Gas (MWh)	460 769	11 147	471 915	479 511	8 634	488 144
Wood heating systems (MWh)	12 623	0	12 623	12 757	0	12 757
Fuel oil (MWh)	4 910	9 423	14 334	5 995	9 003	14 998
Urban heat (MWh)	0	15 131	15 131	0	13 955	13 955

(1) 2014/2015 data were recalculated on a like-for-like perimeter as Adagio Aparthotels are excluded from 2015/2016 reporting scope.
(2) Night: an accommodation rented for one night

Breakdown of the volume of energy managed by the Group by type of energy



Greater use of renewable energy

When developing new projects, the installation of renewable energy equipment is systematically considered. At the Domaine du Bois aux Daims opened in late June 2015 in Vienne, for example, the roofs of the main car park were covered with solar panels with capacity of 400MWh/year. At sites under operation, the main brake on developing renewable energy stems from the fact that the Group does not own the buildings.

However, the Group has a proactive approach, in terms of electricity generated from renewable sources powering up to 100% of electrical needs in all Center Parcs and Sunparks in the Netherlands and Belgium and 38% for Center Parcs in Germany. For Pierre & Vacances residences, a green energy supply plan was launched. Contracts for complete green electricity supply have been signed, and will take effect in January 2017 to supply 88% of the electricity requirement of Pierre & Vacances residences in France.

An effort to use renewable energy supplies

At Group level, 12% of energy used, and 28% of electricity, comes from renewable sources. 50% of the electricity used by the Center Parcs Europe Domaines comes from renewable sources.

Studying water stress

Work on identifying water-related risks was undertaken in 2014. The Aqueduct tool designed by the World Resources Institute (WRI) was used to identify sensitive areas. This helped pinpoint sites managed by the Group located in the most sensitive areas in terms of quantity (the level of vulnerability is measured on a scale of 1 to 5). One site is located in a level 5 vulnerability area, while 16 sites are in level 4 areas. In addition, taking into account only water stress, 14 sites are located in level 5 vulnerability region. Measures on water management were widespread to all Pierre & Vacances sites. For instance, water saver were set up on every sites and watering is adapted to rainfalls. Lastly, prefectural or local authority decrees (ban on watering gardens, etc.) are obviously respected by the residences concerned.

5.3.3 Responsible waste management

For Pierre & Vacances sites in Europe

Non-hazardous waste is removed by local council services, which do not weigh the containers before emptying them. As such, volumes of waste generated cannot be provided. However, action is underway to encourage sorting. Certain sites which have large enough kitchens have waste sorting bins. And all sites have specific sorting containers, in accordance with local council sorting regulations. Operational teams are also in touch with local council services to ensure that services and facilities are in place, particularly in high seasons. Pilot sites will be identified to estimate the volumes of waste generated by the residences.

For Center Parcs and Sunparks

The Group is aware that waste sorting is a part of the circular economy and undertook commitments related to recycling and recovering waste in Center Parcs (an accurate monitoring is done by the waste contractor). The Natur*all* policy sets out a specific waste management target: 50% of waste sorted by Center Parcs and Sunparks sites by 2020. This target is staggered over the coming years. It is included in the environment programmes of each site and in ISO 14001 certification.

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	2013/2014	2014/2015	2015/2016
Number of sites	23	24	24
Total *(in tons)*	15,597	15,871	16,801
Recycling rate	28.50%	27.29%	28.00%
Ratio volume of waste produced per overnight stay *(kg/night)*	0.98	0.97	0.96

Breakdown by waste type	2014/2015	2015/2016
Non-hazardous industrial waste – unsorted	72.71%	72.00%
Glass	5.41%	5.81%
Card/paper	10.15%	9.81%
Biodegradable waste	9.97%	10.25%
Other non-hazardous waste – sorted	1.44%	2.01%
Hazardous waste	0.33%	0.12%

Note: all waste generated by the operation of Center Parcs and Sunparks Domains in Europe are taken into account (including catering waste).
Adjusted data for 2014/2015 (breakdown by waste types).

Waste production is monitored by each site and managed by an expert at Group level. The role of the expert – in constant contact with Center Parcs sites – is to raise team awareness on the sites, act as a conduit with the different waste collection providers and come up with innovative, fun ways of improving waste management. The expert also ensures that the brand's targets are met and that data is reported.

Waste production management is made possible by the providers responsible for removing waste, which provide monthly reports for each site. For the 2015/2016 financial year, the target was for 30% of waste to be recycled by Center Parcs sites in Europe. It was not possible to attain these targets, mainly due to the performance of the Belgian and Dutch sites, where the recycling rate fell compared to the previous financial year (-0.3 percentage points in Belgium and -1.2 percentage points in The Netherlands). However, in France the rate of waste recycled rose significantly (+3.7 percentage points) and stands at 23.3%. German Center Parcs sites still have the highest recycling rate in Europe (41.9%).

In the 2015/2016 financial year, the amount of waste generated per overnight stay fell for the third consecutive year, standing at 0.96 kg per customer per night. This is primarily due to teams being more aware of waste management in the central facilities (Aqua Mundo, shops and restaurants,...).

Within France, the waste recycling rate has been calculated (excluding waste electronic and electrical equipment – WEEE – and used furniture items): the materials waste recycling rate is 23%, and energy recovery stands at 55.5% (compared with 19.5% and 57.9% in 2014/2015).

As the targets set at the brand level were not met in 2016, many initiatives are in place for the coming years. Renovated cottages will have two or three compartments for waste sorting and a specific working group will be set up combining representatives from all the European sites to share best practice and come up with innovative solutions.

A fun recycling test at the Domaine du Bois aux Daims

A 6-month experiment took place at the Bois aux Daims site: customers were given an opportunity to win coupons by depositing bottles, paper cups and cans in special bins. The aim was to collect waste from drinks and ensure that it was recycled in the proper channels. The experiment resulted in over 14,000 items of waste being collected and sorted, and convinced customers of the benefits of this kind of solution.

Working with environmental bodies in each country

In each country, WEEE is processed by dedicated environmental bodies or service providers responsible for collecting waste on site (particularly in France and Germany), to ensure waste is processed in specialised channels and to optimise waste recovery. For Center Parcs Europe, Sunparks and Pierre & Vacances France, 63,53 tonnes of WEEE were collected over the 2015/2016 financial year.

Further, when some Pierre & Vacances residences replaced beds in the previous financial year, a partnership was forged with Eco Solutions, which collected used mattresses. This resulted in 46 tonnes of mattresses being collected and processed through the appropriate channels.

5.3.4 Limiting the environmental impact of our new projects

For major projects, more than for any other site, the Group has set itself ambitious design and building objectives. They are governed by external standards (HQE – *High Quality Environmental* – or the One Planet Living initiative for the Villages Nature Paris project).

Villages Nature Paris: project updates for 2015/2016

Villages Nature Paris is a new major European tourist destination, which is the result of a partnership between Euro Disney SCA and PVCP. Located near Paris, it will welcome almost 500,000 people per year in 2017.

Villages Nature Paris has joined the *One Planet Living* network and is setting ambitious sustainability targets. Work continued this year, with a view to the site opening in 2017. In terms of the buildings, the enclosed and covered areas of the farm, the cottages and communal areas are now complete. The structure for the Aqua Lagoon will be completed by the end of the year.

The infrastructures and external facilities (the "filtering gardens", ornamental lakes, etc.) are almost finished.

As regards waste recycling, 98% has been recovered – as materials (88%) and energy (10%) – over the year, particularly high rates given the increases in the number of employees working on the project this year and the waste generated by the technical teams working on the accommodation. This good performance is mainly due to the choice of prefabrication for the accommodation, increased awareness of the companies involved in the project, and close monitoring by a dedicated person.

"Filtering gardens" to clean the water

The "filtering gardens" are a succession of planted ponds designed to clean some of the water in the Aqua Lagoon. This water will then be discharged into the lake instead of the public network, towards the water treatment plant. These ponds have been harmoniously integrated into the Extraordinary Gardens, one of the five recreation areas at Villages Nature Paris. Another system of filtering gardens developed over 600 m² using the lake water also ensures bathing water of exceptional quality for a natural swimming experience.

Center Parcs Vienne

During 2016, the Domaine du Bois aux Daims received *"NF Haute Qualité Environnementale* (HQE) – *Tertiary buidlings"* certification for the scheduling, design and construction phases, with the highest grade *"Outstanding"* being awarded for the construction phase. This certification was awarded for the central facilities and cottages: the Dome (where the site's reception, restaurants and shops are located), Aqua Mundo and the educational farm. It bears witness to the quality of the measures taken during the design and construction of the site to reduce its environmental impact.

Projects delivered in 2015/2016

	Brand	Number of units	Certification awarded or pending
Colmar - *La petite Venise*	Pierre & Vacances	96	BBC
Domaine du Bois aux Daims	Center Parcs	800	HQE + BBC

5.3.5 Fighting climate change

Transport for our customers and employees (the latter in very restricted proportion), purchases (90% of it on food) and energy consumption are the three main sources of CO_2 emissions caused by our business in the operational phase. The study carried out in 2015 on Center Parcs sites in France also showed that the building phase accounts for less than 10% of greenhouse gas emissions, the operational phase having a lesser impact over the lifetime of a site.

Transport

Meanwhile, CO_2 emissions from transport are a major challenge for the tourism business and contribute massively to climate change. Developing local tourism is therefore one way to reduce the carbon impact of journeys made by holidaymakers, because the distance to be covered is shorter and the form of transportation used (train, car) generates less carbon (compared to airplane). At the Pierre & Vacances-Center Parcs Group level, measures are being taken in this regard: for certain destinations, and depending on the season, like mountain destinations during winter, a shuttle service is offered in conjunction with partners, from the closest railway stations, as an alternative option to cars. Customers are also provided with information about the closest railway station when they book on the website. However, we note that for our customers, the vast majority of whom are families, cars are still the preferred mode of transport, as they are more convenient and less costly.

Purchases

Within purchases, food is the largest source of CO_2. The Group is seeking to improve these areas. However, it has no direct control, as catering is subcontracted at all the Center Parcs and Pierre & Vacances sites offering this service.

Energy

All the actions in place to manage energy use and promote renewable energies help to reduce our “energy” carbon footprint. At Group level, carbon emissions increased over the 2015/2016 financial year, following the opening of the Domaine du Bois aux Daims. However, CO_2 emissions per overnight stay remained almost stable (+0.7%). For Pierre & Vacances, total emissions decreased, thanks to the various energy savings made (see paragraph above).

CO_2 emissions (energy)

The table below shows the CO2 emissions from energy consumption managed by the Group.

For the Center Parcs sites, the total CO_2 volume rose 2.5%, while energy consumption rose 4.5%. This difference is due to the policy in place at various sites to favour energy sources which generate less CO_2, such as in Sauerland in Germany, where a combined electricity and heat generation unit has been fitted.

For Pierre & Vacances, CO_2 emissions are following the same downward trend as energy usage. Lastly, for the whole Group, CO_2 emissions per overnight stay decreased by almost 5% in 2015/2016.

Table of CO_2 emissions from energy consumption managed by the Group

Volume of CO_2 emissions from energy consumption managed by the Group	Center Parcs Europe		Pierre & Vacances Europe		Group	
	2014/2015[(1)]	2015/2016	2014/2015[(1)]	2015/2016	2014/2015[(1)]	2015/2016
Number of sites included in the scope	24	24	163	164	187	188
GHG emissions (in tonnes of CO_2 equiv.)	160,925	164,953	21,864	20,644	182,789	185,597

Scope: identical to energy volumes
(1) Data from the 2014/2015 financial year were recalculated for the 2015/2016 reporting scope (excluding Adagio Aparthotels), and based on the carbon assessment V7.5.

The mandatory Greenhouse Gas reporting for direct and indirect emissions from energy (Scope 1 and 2) was conducted for 2015/2016 on all sites managed by the Pierre & Vacances-Center Parcs Group in France and Europe. It will be published on the Group website.

Construction choices which optimise the carbon assessment at the Domaine du Bois aux Daims

The initiatives taken during the design and operational phases of the Domaine du Bois aux Daims to reduce energy and water consumption and recycle its waste have improved its carbon footprint. Three other measures also play a significant role in this:

- the choice of wood for the structure of the cottages: wood transformation requires less energy than the manufacturing of materials such as concrete and, throughout its lifetime, it stores the CO_2 absorbed by the trees from which it comes. This choice thus gave rise to an 11% drop in CO_2 emissions as a result of building the cottages as compared to a concrete construction;
- 2,500 m^2 of photovoltaic panels have been installed on the roofs of the visitors' car park: they produce around 400 MWh/year, which goes into the national network. The construction of low-energy buildings is thus at the heart of the developments. The better insulation of the cottages reduced heating usage by 56% compared to the old systems used at the cottages;
- environmentally-friendly modes of transport: customers are not allowed to use their cars inside the site. On the site, they have the option to hire bicycles or small electric vehicles. All vehicles used by the staff are electric.

5.3.6 Preserving the natural capital of our sites

Nature is a source of revitalisation, well-being and enjoyment and is one of the major assets of all our sites. Therefore, protecting and enriching the natural capital of the Villages and sites is one of the Group's commitments.

5.3.6.1 In the design and building phase

Maintaining and boosting wildlife and plant species, and encouraging the natural features which support them, is a key commitment of the Villages Nature Paris project. This year, compensatory measures continued to be implemented on the site (restoration of ponds and ditches, conservation of wooded strips of land, installation of drift fencing for amphibians, fight against exotic invasive species, fitting of nesting boxes, etc.) A dedicated officer monitors changes in biodiversity, supporting the Green Building Charter manager, and their comments to date are positive: a trend towards protecting species (including protected species) on the site and towards colonising green spaces by ordinary biodiversity. Action has also been taken outside the site. Work to restore all natural habitats in replacement forests has begun, and some of it is complete; the ecological corridor to the south of the site is also complete, as is the network of external ponds (4,000 m^2).

The Center Parcs under construction in Allgäu (Baden-Württemberg) in Germany is located on a former military base, in the heart of a green corridor, close to a Natura 2000 area. Many measures have been taken, both on and off the site, to minimise environmental impact and promote biodiversity: recovery of paths, minimising clearings around the cottages, rehabilitation of water courses and creation of habitats for some target species (ants, bats, etc.).

5.3.6.2 In the operating phase

Management practices aimed at preserving biodiversity on the sites, while ensuring the comfort levels expected by our customers, have been implemented by our operational teams: early and late mowing depending on the spaces, reducing soil-enriching products to a minimum, not using any phytosanitary treatments to maintain outdoor spaces, weeding by hand where possible, etc.

Focus on the Center Parcs Vienne site: environmental management and biodiversity monitoring

Preserving biodiversity and working with customers is one of the commitments of the Center Parcs Natur*all* plan. The Domaine du Bois aux Daims is a good illustration of this.

Many measures have been taken to protect biodiversity on the site during the building phase, especially as regards protected species identified on the site (*e.g.* creation of 18 ponds, a sanctuary area) and protection of ordinary biodiversity (*e.g.* fitting of nesting boxes, etc.). An environmental and forestry management plan has also been devised to help operational teams maintain natural spaces over the long term.

Scientific monitoring of biodiversity on the site with local associations at the Domaine du Bois aux Daims

Center Parcs is committed to monitoring the site's biodiversity over the long term to ensure that the measures taken are effective. Center Parcs has entrusted this role to Bird Protection League (LPO) *Vienne* and *Vienne Nature*. These two associations had already been involved in the design phase, working with the architects to introduce nesting boxes in the buildings, and defining biodiversity measures. The biodiversity observatory set up from the construction phase onwards by the two associations aims to ensure the quality and transparency of monitoring. Biodiversity audits are conducted by species-specific experts who follow counting protocols which can be reproduced from one year to the next. Depending on the type of animal and plant life, these audits will take place every one or two years in the first few years, and every five years thereafter.

Initial observations on changes in biodiversity

Monitoring is done not only on the three most sensitive species – European nighthawks, northern crested newts and succise cape petrels –, but also the biodiversity of more common species: other birds, amphibians and butterflies, reptiles, bats, land mammals, natural habitats, plant species, etc.

Several years of monitoring will be needed to draw definite conclusions on changes in species populations on the site. By way of example for the European nighthawk, the audits began in 2014 and, for the time being, are quite positive (in general, there are more individuals on the site than when the initial count was done in 2011).

5.4 Our societal responsibility

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

5.4.1.1 Developing our projects in partnership with local stakeholders

A desire to be part of the local community

The Group's aim is to create value in the communities where its sites are located. When developing new projects, this desire to be part of the local community involves close cooperation with private partners and the general public. It is manifested in specific commitments, formalised through jobs, championing local produce and promoting local tourist attractions. Therefore, for the three Center Parcs sites under development in France, the Group's teams build close relationships with consular chambers and business associations. They work with employment, training and inclusion bodies. They are increasingly using shorter supply chains for the restaurants and work to champion local products and know-how.

Dialogue with local communities

Three new-generation Center Parcs of medium size (400 cottages) are being considered in Jura, Saône-et-Loire and Lot-et-Garonne. To develop these new medium-size projects, work is under way to establish dialogue with each of the local communities, listen to them and understand their questions and comments, with a view to proposing changes and improvements, or delving into certain matters.

In an extension of the general debates which took place between 20 April and 4 September 2015 in relation to the Jura and Saône-et-Loire projects, additional studies have been carried out over the year by the local councils of these two departments, in liaison with the concessionaires and the Group. Their findings confirmed the technical feasibility of the projects in terms of the environment, water resources, sanitation and site access. In-depth studies will take place next year to move permit applications forward. Their conclusions will be shared with all of the stakeholders.

For the Lot-et-Garonne project, a local consultation was organised in summer 2016 on the Group's initiative which used a neutral and independent guarantor to ensure that it was properly conducted and to ensure that the principles of the consultation were adhered to. Six meetings and a visit to the proposed site were organised. A dedicated website has also been set up so that the general public can share their opinions and look at all the exchanges of the public meetings (http://concertation-centerparcs-pinderesbeauziac.fr). Local stakeholders discussed matters such as road access, the environment and the local economic impacts. A report on the consultation and the guarantor's report were shared on the project site.

Building permit and environmental authorisation applications lodged in September will result in a new form of dialogue *via* public enquiries which will take place in the third quarter of 2017.

For the Villages Nature Paris project, a committee has been set up to monitor sustainability commitments, under the aegis of the Seine-et-Marne prefect. This "Villages Nature Paris Sustainability Consultation Committee" is organised according to a five-party governance model resulting from the environmental "Grenelle" legislation. It is thus composed of five stakeholder groups: Villages Nature Paris, local authorities and inter-commune groupings, economic and tourism-industry players, the general public and government departments. It meets at least once a year to monitor the project's sustainability commitments and make recommendations.

For projects outside France, the consultation method is defined according to the local context and procedures. For the sixth Center Parcs due to open in 2018 in Allgäu (Baden-Württemberg) in Germany, the committee – which is made up of environmental associations, representatives of the various local authorities and independent experts – monitors the impact of Center Parcs customers travelling to the site on the surrounding areas and ensures that the tourism offering developed enhances local cultural and natural attractions and local and regional produce.

In Lot-et-Garonne: participatory governance

Pierre & Vacances-Center Parcs is committed, as part of a consultation held in summer 2016, to continuing dialogue on the project and to a participatory governance which brings together all environmental, economic, tourism and corporate players and the representatives of the local authorities, associations, etc. In addition to a general steering committee, five monitoring committees will meet in the coming months: an environment committee to define the environment policy indicators and monitor them over time; a planning committee to monitor networks and public facilities applications; an economic committee to observe the project's impacts and commitments; an employment committee to encourage local and regional employment, re-employment and "inclusion" jobs; and a companies committee to make it easier for local companies to take part in tenders, by giving them information and encouraging groupings.

As for the development of a Center Parcs in Isère, at Roybon, the Group has been working since the start of the project in liaison with local partners. The Region also renewed its support for the project this year. The development of this site is pending planning decisions – (see page 144).

For developments in China, see page 99.

5.4.1.2 A long-term partnership with communities

Creating local wealth and jobs

As an extension of the links forged during the development phase, the sites help to make communities more dynamic both socially and economically during the operational phase.

In terms of employment, a site's activity generates direct jobs – up to almost 600 for a Center Parcs site – most of which are filled by local people. By way of example, 560[(15)] people and up to 630 in high season work on the Domaine du Bois aux Daims and 52%[(16)] of these employees live in Vienne. For the Domaine des Trois Forêt in Moselle, this proportion rises to 62%.

The Group's sites also help to make local economies more dynamic thanks to their operational spending and the money spent by tourists, this spending generating indirect jobs and staying in the local economy.

These were the findings of a local impact study[(17)] conducted this year at the Center Parcs Domaine du Bois-Francs in Normandy. €15.5 million are injected into the local economy every year (see diagram opposite) helping to create local wealth (GDP) of €20 million *via* the GDP generated by the site itself, its purchases from local suppliers, spending by direct and indirect employees of the site, spending by tourists and the taxes paid to the local tax authorities.

(15) Data at 30/09/2016.
(16) Data at 30/09/2016.
(17) Local footprint study of the Domaine des Bois Francs – June 2016.

Expenditure at Domaine des Bois Francs and economic impact:

€29.1m

Wages paid to employees: €7.4m	Center Parcs and Elior (catering partner) purchases: €14.0m	Taxes and duties (inc. social security expenses): €7.7m
Net local wages: €7.2m	Local suppliers: €4.5m	Local taxes (inc. those paid by owners): €1.6m
Net wages outside the local scope: €0.2m	Suppliers outside the local scope: €9.5m	French taxes (social security expenses): €6.1m

Estimated expenditure by visitors outside the site:

€3.4m

Local expenditure: €2.2m

Non-local expenditure: €1.2m

Expenditure injected into the local economy:

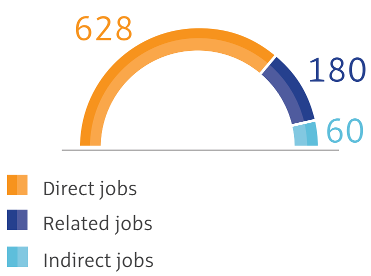
€15.5m

Expenditure injected outside the local scope:

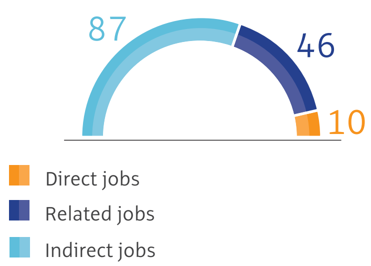
€17.0m

Almost 870 jobs in the local economy are sustained by the operation of the Domaine des Bois Francs (for 628 direct jobs filled on the site (Center Parcs employees and partner companies working on the site) i.e. a multi*plying* coefficient of 1.4 (see diagram).

Jobs supported in the local economy



Jobs supported in the French economy



- Indirect jobs sustained for local suppliers by on-site purchases (Center Parcs and catering suppliers).
- Around 60 jobs in the state and para-state sphere (local government services, French local authorities, etc.) through local taxes paid by the site and 120 jobs sustained in the local market economy through the spending by the households of direct and indirect employees, and through off-site spending by site visitors

This study backs up the conclusions of the 2012/2013 study conducted for the Center Parcs site in Moselle.

Local purchases: data monitored by the Group

In total at Group level, over the financial year, the value of purchases made within a 100 km area during construction and renovation work represented 26% of total purchases – for the Moselle extension project, the new Pierre & Vacances site in Deauville, and the renovation of Port-Zélande. These projects are smaller than the ones conducted last year (construction of the Domaine du Bois aux Daims in 2014/2015), and most of them are far from business centres.

In the operational phase, a local purchases indicator was calculated for the Center Parcs Domaine du Bois aux Daims for 2015/2016. It showed that 30% of operational purchases (as revenue) take place in Vienne and 42% within a 100 kilometre radius. Work on this indicator will continue so that a management tool can be made out of it.

5.4.2 Listening to our customers and owners

5.4.2.1 Ensuring the satisfaction of customers and owners

Customer opinions, at the heart of brand strategy

Customer satisfaction is at the heart of the Group's strategy: it guides all activities in relation to human resources, and marketing, business or investment policies. The level of customer satisfaction is monitored and analysed using questionnaires sent out after each stay but also by examining comments and opinions posted on social networks.

Clear, consolidated indicators to manage the quality approach

During the 2015/2016 financial year, 241,140 customer satisfaction questionnaires were processed for the Center Parcs brand and over 121,000 for the Pierre & Vacances brand. Two main indicators have been identified to monitor customer satisfaction: overall satisfaction and the NPS (Net Promoter Score – the difference between the number of "promoters" and the number of "detractors" in response to the question: "would you recommend this site to your friends and family?"). The overall satisfaction rate remained stable for Center Parcs and Sunparks at 82%, and for Pierre & Vacances, it increased to 86.3% (compared with 84.9% in 2015/2016), with an increase of 2.9 percentage points customers delighted with their stay. For Pierre & Vacances, this increase is mainly due to the work done to address the main reasons customers gave for being unsatisfied (bedding, range of crockery, upgrading of accommodation) and to the new features which make life easier for customers, such as online check-in. The NPS remains positive for both brands and continues to rise. These good results were confirmed by a high degree of planned return trips: over 89.7% for Pierre & Vacances, and 90.6% for Center Parcs and Sunparks.

To better satisfy customers and as part of a continued improvement drive, a feedback platform has been set up so that on-site employees, in direct contact with customers, can also give their opinions on new products, services and renovations.

Responsible commitment and customer satisfaction are linked

Analysis of the satisfaction questionnaire also revealed a strong correlation between a residence's sustainability commitment and overall satisfaction. Of the 70 items analysed, sustainability issues were among the 20 items most closely correlated with the NPS. Customers are increasingly attentive to the environmental action taken by Pierre & Vacances residences (waste sorting, saving water and energy, environmentally-friendly management of green spaces, etc.), and the efforts made to provide quality regional information. Green Key certified sites had a higher rate of customer satisfaction than sites without certification, both on sustainability issues and net satisfaction. Customers who have stayed in Green Key certified residences are also more likely to recommend sites to their friends and families.

Work which began this year on brand standards will continue in 2017. Objective: to define the standards across the whole customer experience – welcome, accommodation, facilities, etc. The actions to be implemented by site directors to manage the sustainability approach will be included in these brand standards and as such will be even better taken into account in the operational management of the sites.

Taking customer opinions seriously

The growing importance of opinion sites and the use of social networks by customers before and during their stay mean that managing the online reputation of each residence and site is of fundamental importance. Opinion sites are a strong recognition element for the work done by the operational teams to satisfy our customers. 76 Pierre & Vacances, Center Parcs and Maeva residences have been awarded the TripAdvisor certificate of excellence (compared with 60 over these three brands in 2015) and seven Center Parcs and Pierre & Vacances sites were awarded the Travellers' Choice prize.

Further, 84 sites have been "recommended on HolidayCheck" (43 Pierre & Vacances, 14 Pierre & Vacances premium, 8 Pierre & Vacances villages, 16 Center Parcs and 3 Maeva), which bears testament to the quality of the stays enjoyed by holidaymakers. Two sites were also awarded the Zoover "Villages Vacances" certification (in Belgium for instance). These awards are used as a frame of reference for customers.

In order to develop this new media relationship with customers, a Social Room was officially launched by the Group in July 2016. The aim is to build loyalty among Pierre & Vacances and Center Parcs customers by answering their questions *via* new media before, during and after their stay.

Monitoring owner satisfaction

For almost 50 years, thousands of individual owners have put their trust in Pierre & Vacances-Center Parcs by choosing to purchase a property and entrusting the management to the Group. Over and above the financial profitability of these properties, owners have access to many services and benefits (complete property management, support with resale, exclusive promotional offers, etc.). The satisfaction of owners, who numbered 22,500 in 2015/2016, is also of fundamental importance for the Group. The slight drop of owners (5% compared to 2014/2015) is due to the decrease of the number of accommodations managed by the Group and the transfer of property to new management style (management mandate run by maeva.com team).

Managed by the Owner-Customer Relations Department, owner satisfaction is measured *via* several indicators: the number of disputes, which is down slightly from the last financial year (-12.3%, more marked than the drop in the number of owners), and the average processing time for these disputes. The latter dropped very slightly (2.1 days in 2015/2016 compared with 2 days in 2014/2015). The owner satisfaction rate – calculated in the same way as the customer satisfaction rate – stood at 90.6% in 2015/2016, up on last year (88.4%).

This year, we continued the drive to make communications digital (creation of a webzine, a Q&A service with replies in under 72 hours). Further, a multilingual tool has been developed to optimise the management of owner questions (rents, leases, reservations, customer relations, etc.).

5.4.2.2 Local sponsoring

To promote diversity, the effectiveness of community initiatives and integration in local communities, the Group has not developed a sponsorship policy or centralised budget. Each site is free to choose the projects and topics they want to support. During this financial year and as in previous years, several Center Parcs sites (notably Bispinger Heide, Bostalsee and De Eemhof) decided to make donations or implement initiatives to support sick children and their families.

For the fifth consecutive year, special support was provided to the Missing Chapter Foundation, chaired by the Princess of the Netherlands, Laurentien van Oranje. Center Parcs Het Heijderbos in the Netherlands and Center Parcs Hochsauerland in Germany were this year's host of the Kids Climate Conference organised by the Foundation.

5.4.2.3 Conducting responsible dialogue with our suppliers

The Group undertakes 99% of its purchases with European suppliers, 74% of which are located in France, with less than 1% of suppliers located in "high-risk" countries, such as China. These purchases amounted to around €531 million this year (excl. Les Senioriales). The Purchases Department manages around 71% of the purchases made *via* Group framework agreements entered into with referenced suppliers. The rest is purchased directly by the sites from suppliers referenced locally.

Our responsible purchasing policy

The main focus areas of our responsible purchasing policy are:

- to select our strategic suppliers on the strength of their ability to take environmental matters into consideration and to work with them to meet the brand targets;
- to detect and manage risks linked to suppliers or products purchased, notably in high-risk countries (which account for less than 1% of our purchases);
- to identify market opportunities in terms of innovation, notably by acting as a springboard for start-ups;
- to work towards implementing a supplier policy with a better focus on SMEs and local communities.

Relations with our suppliers

Relationships with our suppliers are formalised in several documents and commitments: Charter of Inter-Company Relations, Rules of Conduct with Suppliers/Service Providers, Ethical Purchasing Charter, the clause in Article III.3 of the General Provisions of the Referencing Agreement, and the Service Provider Commitment. Furthermore, in order to prevent any risk of corruption, a code of ethics, applied by all Group buyers, appears in all agreements, contracts and referencing contracts signed by our suppliers.

The Group received the "Responsible Supplier Relations" certification in April 2016. This demonstrates the Group's dedication to fair and sustainable business practices. The main commitments are: to create a lasting relationship between the various stakeholders while striving to manage the risks of mutual over-dependence; to consider the environmental impact, including for outsourced activities; to ensure local responsibility by seeking to contribute as much as possible to local economic growth. Specific action – such as the signature of the ethics charter by all employees concerned – must be taken in order to secure this certification.

Increase in purchases from the adapted and protected work sectors

Training sessions were organised for buyers this year to make them aware of issues specific to purchases from the adapted and protected work sectors.

Expenditure with suppliers in adapted and protected work environments reached €402,000 before tax in 2015/2016, up 21% compared with the previous financial year. This was mainly Center Parcs expenditure, notably for the secondment of employees and services provision (maintenance of green spaces and bicycles, general maintenance, etc.).

5.5 Involving customers

5.5.1 Enriching customer stays

We have an opportunity to reach almost 8 million customers during their holidays. Many of our customers choose to spend this special time for relaxation with their family. It is an opportunity for us, not only to provide activities which enhance our customers' holidays, but also to put into practice our commitments by enhancing and revitalising the communities where our sites are located, and by making children aware of the challenges of the future.

5.5.1.1 Making each stay an opportunity to discover regional wealth

We want to use our sites to showcase the communities where they are located. Information on the activities available near the Pierre & Vacances residences are systematically displayed at our sites and all Pierre & Vacances villages, as well as the Center Parcs Domaines, have a representative from the local tourist information office. This is especially important as, for many of our customers, a stay at one of our residences or sites is an opportunity to visit a region for the first time. Studies conducted[18] at Center Parcs have shown that 51% of visitors to the Domaine du Bois aux Daims had travelled to Vienne for the first time for their stay at the Center Parcs and 73% of visitors to the Domaine des Trois Forêts were travelling to Moselle for the first time.

Furthermore, this year, the *"résidence découverte"* offer was rolled out in 22 Pierre & Vacances residences. These residences hold free discovery workshops. Some of these workshops, held weekly in low season, are led by our partner *"Bienvenus chez nous"*.

Finally, the Appli Planet for Pierre & Vacances and Center Parcs offers online services to our customers (for example practical information on the residences and sites). For the Pierre et Vacances residences, it also offers a selection of geo-localised tourist sites in the region.

5.5.1.2 Raising awareness among our youngest customers

Children are the best sustainable development ambassadors. To make them aware of these issues, we develop fun activities. Because we are convinced that in a holiday setting, education must be about experiences, games and encounters.

Center Parcs and most of the Pierre & Vacances villages have "little farms" enabling children to learn about and come into contact with farm animals (hens, cows, rabbits, horses) and, at the Center Parcs du Bois aux Daims, with Poitou goats, Poitou donkeys, etc. Children learn to feed and look after them. Furthermore, at Center Parcs, supervised activities ("Wanabee… ", for 4-10 year olds, and "Center Parcs Academy", for older children) offer an immersion in roles associated with nature and animals.

Within the Pierre & Vacances villages, the Eco'lidays activities are included in the kids' club entertainment programme. These cover topics such as renewable energies, the role of bees and the importance of sorting waste through fun activities. This year, the Clip-it activity, a game involving joining everyday plastic caps together, took place. It helped make children aware of the advantages of recycling by collecting used plastic tops for the game and by the items in the game itself (since the assembly keys are made of recycled plastic).

In 10 villages, the "Happyz adventures" app features the Eco'lidays and kids' clubs entertainment mascot, in activities such as treasure hunts on the theme of local recipes.

The Kids Climate Conference, a now unmissable event, organised by the Missing Chapter Foundation, in conjunction with the Dutch WWF and private partners, took place in September this year at the Het Heijderbos Center Parcs in the Netherlands and in Hochsauerland in Germany. For the 5th consecutive year, Center Parcs has been an active partner at this event which aims to make children aware of climate change issues in three days of workshops on the theme of "your clean energy". 175 children attended, aged 8 to 14, and the event resulted in proposals being gathered which were then presented to a Dutch government delegation responsible for sustainable development. Some of the ideas put forward by the children will be tested, such as signs to raise awareness about water usage in the showers at Aqua Mundo.

Moreover, in 2016 Center Parcs signed a more general partnership with the Missing Chapter Foundation, one of the key initiatives of which is to set up a "children's council".

(18) Customer study done in 2016

A partnership with the Waddensea site, a UNESCO world heritage site

The Nordseeküste Center Parcs is located on the North Sea, 200 metres from the Waddensea National Park. The site approached the national park, a UNESCO world heritage site, to create a partnership and raise awareness among young and old holidaymakers of the surrounding nature. Not only is the park rich in biodiversity (marine and non-marine wildlife), it is located on the path taken by migratory birds. Visits to the park are offered every day and an event to raise awareness among children, the Kids Watt Academy, was held for the first time in the park's museum. The latest Kid's Watt Academy attracted over 150 children from 6 to 14 years old.

5.5.2 The Domaine du Bois aux Daims

Nature is one of Center Parcs' key pillars. For many years, activities have been on offer at the sites to raise customer awareness of conservation issues in a fun and entertaining way.

By giving its guests the opportunity to live alongside the animal world and experience European wildlife up close, the Domaine du Bois aux Daims is going further in this approach, with an unprecedented wildlife dimension.

5.5.2.1 Living alongside deer

Around a hundred fallow deer live on the site. Some are kept in a 13 ha reserve which is not accessible to customers, but they can be observed. Most of them live in two large 86 ha enclosures where most of the site's cottages are located. This is a first in France, where no tourist destination offers visitors the chance to stay in places where animals are free to roam. To ensure that this cohabitation experience runs smoothly, Center Parcs has taken advice from animal specialists and follows a stringent monitoring protocol to ensure the well-being of both humans and animals.

A year after the site opened to the general public, the outcome of this cohabitation is conclusive. The fallow deer behave well and are visibly calm. Customers enjoy the experience of being close to the animals: 88% of visitors have seen the fallow deer roaming free; 90% of them were happy or very happy with this experience; 38% of customers chose to stay at the Domaine du Bois aux Daims because of its wildlife dimension.

5.5.2.2 An "animal heart" to observe forest animals

At the centre of the site, the "animal heart" is home to around forty animals native to European forests (stags, foxes, boars, jays, etc.). There are several ways for customers to observe the animals (a lookout for photographing the wildlife, a canopy walk, an educational nature walk, etc.) and many animal-themed activities are offered, such as "Learning about foxes" and "Learning about birds: from egg to flight". 81% of the site's customers visited the "animal heart" and 70% were pleased or very pleased with the experience. Finally, 73% of the visitors who took part in one of these wildlife activities were satisfied or very satisfied.

Activities are being developed for 2017, such as visits to the sanctuary area so that the site's protected species can be observed.

Additional information

Environmental risks are mentioned in the "Risk management" section, page 42. Similarly, since the Group's businesses (property development and tourism operation) do not include manufacturing processes, the use of commodities is indirectly handled in the sections 5.3 and 5.4.2.3. Finally, without any information and action plan formalized by our catering partners, food waste is not include in this report.

We will focus on this subject over the coming years.

The cross-reference table for social, environmental and societal information relative to decree no. 2012-557 of 24 April 2012 is set out on page 238.

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

5.6 Report by the independent third party body on the consolidated social, environmental and societal information in the management report

Financial year ending 30 September 2016

To the Shareholders,

In our capacity as Independent Third Party Body accredited by the COFRAC[19] under No. 3-1050 and member of the network of Statutory Auditors of Pierre et Vacances, we present our report on the consolidated social, environmental and societal information for the year ending 30 September 2016, presented in the Chapter "Information on social, environmental and societal matters" and in the Appendix "Cross-reference table for social and environmental information" of the management report, hereafter the "CSR Information", pursuant to the provisions of Article L. 225-102-1 of the French Commercial Code.

The Company's responsibility

It is the Board of Directors' responsibility to produce a management report including the CSR Information outlined in Article R. 225-105-1 of the French Commercial Code, in accordance with the standards used by the Company, mainly consisting of the protocols for non-financial reporting of environmental, social and governance data in its version dated September 2016 (hereafter the "Guidelines") a summary of which is available on the Group's website[20].

Independence and quality control

Our independence is defined by the regulatory provisions, the Code of Conduct for the profession and the provisions set out in Article L. 822-11 of the French Commercial Code. In addition, we have created a quality control system, which comprises the policies and procedures documented to ensure respect of the rules of conduct, professional standards and the applicable legal and regulatory texts.

Responsibility of the independent third party body

Based on our work, it is our responsibility to:

- ensure that the required CSR information is included in the management report or, if this is not the case, that justification has been provided in accordance with the third paragraph of Article R. 225-105 of the French Commercial Code (Certification of the presence of CSR information);
- provide moderate assurance that the CSR information, as a whole, accurately includes all the most significant aspects, in accordance with the Guidelines (Reasoned opinion on the fairness of the CSR information).

Our work was carried out by a team of five people between the months of September and November 2016 over a period of six weeks.

We conducted the following work in accordance with the professional standards applicable in France and the order of 13 May 2013, which sets out the methods used by the independent third party body when performing its duties and, concerning the reasoned opinion on the fairness of the CSR information, International standard ISAE 3000[21].

(19) Accreditation scope available at www.cofrac.fr.
(20) http://www.groupepvcp.com/fr/130/developpement_durable, section "publications".
(21) ISAE 3000 – Assurance Engagements other than audits or reviews of historical information.

1. Certification of the presence of CSR information

Nature and scope of work

We have taken account of the guidelines on sustainable development based on interviews with the persons responsible for sustainable development, according to the social and environmental consequences linked to the Company's business and its commitments to sustainable development and, where necessary, any measures or programmes resulting from this.

We have compared the CSR information included in the management report with the list set out in Article R. 225-105-1 of the French Commercial Code;

In the event of the absence of certain consolidated information, we have checked that explanations have been provided in accordance with the provisions of Article R. 225-105, paragraph 3 of the French Commercial Code.

We have checked that the CSR Information covered the consolidated scope, i.e. the Company and its subsidiaries within the meaning of Article L. 233-1 of the French Commercial Code and the companies it controls within the meaning of Article L. 233-3 of the same Code, with the limits stated in the introduction to the corresponding chapters.

Conclusion

On the basis of this work, and subject to the limits established above, we certify that the required CSR information has been included in the management report.

2. Reasoned opinion on the fairness of the CSR information

Nature and scope of the work

We have conducted around 10 interviews with the persons responsible for preparing the CSR Information within the Sustainable Development, Maintenance-renovation-energy, Human Resources, Safety-prevention-operational risks and Development departments responsible for collecting the information and, as applicable, those responsible for internal control procedures and risk management, in order to:

- assess the appropriateness of the Guidelines with regard to their relevance, completeness, reliability, neutrality and clarity, taking into account, where necessary, best practices within the sector;

- check the implementation of a process to collect, compile, process and check the completeness and consistency of the CSR information and analyse the internal control and risk management procedures used to produce the CSR information.

We have determined the nature and scope of the tests and controls according to the nature and importance of the CSR information with regard to the features of the Company, the social and environmental priorities of its business, its sustainable development orientations and good practice in the sector.

For the CSR information that we considered the most important(22):

- for the Company's head office, we have consulted documentary sources and held interviews to corroborate the qualitative information (organization, policies, actions, etc.); we have used analytical procedures on quantitative information and checked, on the basis of surveys calculations as well as the consolidation of data and we have verified their consistency with the other information in the management report;

- for the representative sample of the entities and sites we selected(23) based on their business, their contribution to the consolidated indicators, their implantation and a risk analysis, we conducted interviews to check that the procedures were correctly implemented, and we performed detailed tests, based on samples, to check the calculations made and reconcile the data with the supporting documents. The entities selected in this way represent 64% of the workforce and 32% of energy use (sites) with detail tests having concerned one site of each entity selected.

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(22) *Social information:*
- Indicators (quantitative information): headcount (annual average), turnover rate, absenteeism rate, frequency rate and severity rate of work accidents.
- Qualitative information: recruitment (number of new staff and of departure), organization of working time, training policy, the conditions of health and safety at work
Environmental and societal information:
- Indicators (quantitative information): water and energy usage, carbon emission (scope 1 and 2), volume of waste and sorting rate (for Center Parcs).
- Qualitative information: environmental policy, actions taken to improve the energy performance of buildings, relation with stakeholders, the territorial, economic and social impact of the activity of the company

(23) *The French and one site (Biarritz). Center Parcs Belgium and one site (Erperheide).*

For the other consolidated CSR information, we have assessed its consistency in line with our knowledge of the Company.

Finally, we evaluated the relevance of the explanations provided, where applicable, when information was missing either entirely or partially.

We believe that the sampling methods and sizes selected when applying our professional judgement enable us to make a conclusion of reasonable assurance; assurance of a higher level would require more extensive checking work. The reliance on sampling techniques and other limitations inherent to any internal control and information system make it impossible to wholly eliminate the risk of a material misstatement in the CSR information.

Conclusion

Based on our work and aside from the above reservations, we have not found any material misstatement that would call into question the fact that the CSR information, taken in its entirety, is presented in a fair manner and in accordance with the Guidelines.

Paris-La Défense, 30 november 2016

Independent Third Party Body

ERNST & YOUNG et Associés

Eric Duvaud
Sustainable Development Associate

Bruno Perrin
Associate

Aparthotel Adagio – Brussels Centre Monnaie – Brussels (Belgium)

6

Information about the Company and share capital

6.1 Company information

6.1.1 General information

Legal name

Pierre et Vacances.

Registered office

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

Telephone number: +33 (0)1 58 21 58 21.

Legal form

A French Public Limited Company *(société anonyme)* with a Board of Directors, incorporated under French law and governed by the French Commercial Code and by its articles of association.

Date of incorporation and term of the Company

The Company was incorporated for a term of 99 years with effect from its registration in the Paris Trade and Companies Register on 7 August 1979, except in the event of an early dissolution or extension.

Corporate purpose (Article 2 of the Articles of Association)

The purpose of the Company is to:

- acquire equity interests in other companies, by means of the formation of companies, contributions of companies, subscriptions for or purchases of shares or equity interests, mergers, alliances, partnerships or any other means, and particularly in companies that are active in the following areas:
  - sell and manage property,
  - acquire, develop and resell land, and construct property,
  - operate, in whatever form, residences, hotels, motels, unfurnished or furnished premises and restaurants of all kinds; all break, activity and holiday organisation and management activities; all direct or indirect equity investments in any French or foreign companies involved in the above businesses or likely to promote the development thereof;
- manage and provide technical, administrative, legal and financial assistance to these companies and their subsidiaries;
- and generally carry out all commercial and financial transactions, and all transactions involving property and equipment, relating directly or indirectly to the above business purpose or likely to help in the development thereof.

Trade and companies register

316 580 869 RCS Paris.

Business activity code

7010Z.

Financial year

The Company's financial year runs from 1 October to 30 September of the following year.

Consultation of documents and information relating to the Company

The corporate documents for the last three financial years (yearly financial statements, minutes and attendance lists from the Shareholders' Ordinary Meetings, list of directors, Statutory Auditors' report, articles of association, etc.) can be viewed at the Pierre et Vacances registered office.

In addition, the Company's articles of association and, where applicable, the reports, correspondence, assessments and declarations made by an expert at the Company's request, and the Company's historic financial information for the previous two years may be consulted at the Pierre et Vacances registered office.

Appropriation of earnings (Article 20 of the Articles of Association)

Net income generated during the financial year, after deducting overheads and other expenses incurred by the Company, including all depreciation, amortisation and impairment losses, represents the profit (or loss) for the financial year.

Of this profit, less any losses carried forward, at least one twentieth shall be appropriated in order to build up the regulatory reserve required by law. Such transfers should continue for as long as the regulatory reserve represents less than one tenth of the total share capital.

The residual balance, plus any profit carried forward, constitutes the profit available for distribution to shareholders.

The Shareholders' Ordinary Meeting may appropriate whatever sums it deems fit, either to be carried forward as retained earnings to the following financial year, or to be transferred to one or more general or special reserves, the use or allocation of which is determined by the Meeting.

The Shareholders' Ordinary Meeting may also decide to make payouts from the reserves available for this purpose; where this is the case, the applicable resolution must expressly indicate from which reserves the payout shall be made.

The Meeting may offer each shareholder the option to receive all or part of the dividend payment in the form of shares (subject to legal conditions) or in cash.

Specific clauses in the Articles of Association

Double voting rights (Article 16 of the articles of association)

With effect from the Shareholders' Extraordinary Meeting of 28 December 1998, voting rights double those conferred on other shares, in view of the portion of share capital that they represent, shall be attributed to all fully paid-up shares for which proof of registration in the name of the same shareholder for a period of at least two years has been provided.

In the event of an increase in the share capital by incorporation of reserves, profits or share premiums, double voting rights shall be attributed from the date of issue to registered shares allotted free of charge to a shareholder as a result of his ownership of existing shares that are already entitled to double voting rights.

Shares converted to bearer shares or whose ownership is transferred lose their double voting rights.

Notwithstanding the above, the transfer by inheritance, by liquidation of spouses' joint property, or by inter vivos donation to a spouse or relative in the line of succession shall not entail the loss of double voting rights, and shall not interrupt the time period stipulated in Article L. 225-123 of the French Commercial Code. The same applies in the event of a transfer as a result of a merger or demerger of a shareholding company.

Identifying shareholders (Article 7 of the articles of association)

The Company may at any time, subject to the conditions laid down by regulations, ask the body responsible for clearing its shares to reveal the names, addresses and nationalities of holders of shares conferring an immediate or future right to vote at its Shareholders' Meetings, together with the number of shares held by each 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, any individual or entity who, acting alone or in concert, comes to hold a percentage of the capital or voting rights equal to or exceeding 5% or a multiple thereof, directly or indirectly, within the meaning of Article L. 233-9 of the French Commercial Code, is required to notify the Company by registered letter with proof of receipt within five trading days of crossing each of these thresholds, indicating the number of voting rights and shares held and the voting rights attached thereto. This notice of the crossing of shareholding thresholds also indicates if the shares or attached voting rights are or are not held on behalf of or in concert with any other individual or entity.

If not disclosed as provided above, the shares that exceed the percentage and should have been disclosed are deprived of voting rights at future shareholders' meetings, if one or more shareholders holding collectively at least 5% of the Company's share capital or voting rights so request and the request is recorded in the minutes of the Shareholders' Ordinary Meeting. The deprivation of voting rights applies to all future Shareholders' Meetings until the expiry of a period of two years from the date the disclosure is made.

Shareholders' Ordinary Meetings (Articles 16, 17 and 18 of the articles of association)

Shareholders' Ordinary Meetings shall be held at the registered office of the Company or at any other place indicated in the meeting notice.

Any shareholder is entitled to attend Shareholders' Ordinary Meetings in person or by proxy, on proof of their identity and share ownership.

The right to participate in Shareholders' Ordinary Meetings is subject:

- in the case of registered shareholders, to entry of the shares in the name of the shareholder in the Company registers at least two working days before the Shareholders' Ordinary Meeting;
- in the case of holders of bearer shares, to the filing, according to the conditions stipulated by law, of the certificate drawn up on the basis of the shareholder certificate (attestation of participation) issued by the authorised intermediary two working days before the date of the Shareholders' Ordinary Meeting.

Any shareholder shall be entitled to exercise a postal vote using a form that may be obtained under the terms specified in the meeting notice and under the conditions provided by law.

Any shareholder may also, if the Board of Directors so decides at the time the Meeting is convened, participate and vote at the Shareholders' Ordinary Meeting by means of electronic telecommunication enabling their identity to be established under the conditions provided by law.

Shareholders participating in the Meeting by videoconference, or by any other means of electronic telecommunication enabling their identity to be established under the conditions provided by law, shall be deemed to be present for the purposes of establishing quorum and majority.

Methods of convening Shareholders' Meetings

Shareholders' Ordinary Meetings are convened by the Board of Directors or, failing this, by the Statutory Auditors, in accordance with the requirements of Article R. 225-162 of the French Commercial Code, or else by a corporate officer designated by the Presiding Judge at the Commercial Court ruling in summary proceedings upon request or, in an emergency, by any interested party or by one or more shareholders together holding at least 5% of the issued capital.

Notice of meeting shall be given in the form of an announcement published in one of the journals authorised to publish legal notices in the administrative department in which the Company's registered office is located. Shareholders holding registered shares shall be convened by formal letter, which can be sent by registered post at the shareholders' request with the latter bearing the cost of the same.

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

6.1.2 Description of the S.I.T.I. group

Société d'Investissement Touristique et Immobilier SA – S.I.T.I., a Pierre & Vacances-Center Parcs Group management holding company, indirectly controlled by Gérard Brémond *via* S.I.T.I. SC "R", has a 39.83% stake in Pierre et Vacances SA. The Pierre & Vacances subgroup is the only asset of S.I.T.I SA and is fully consolidated.

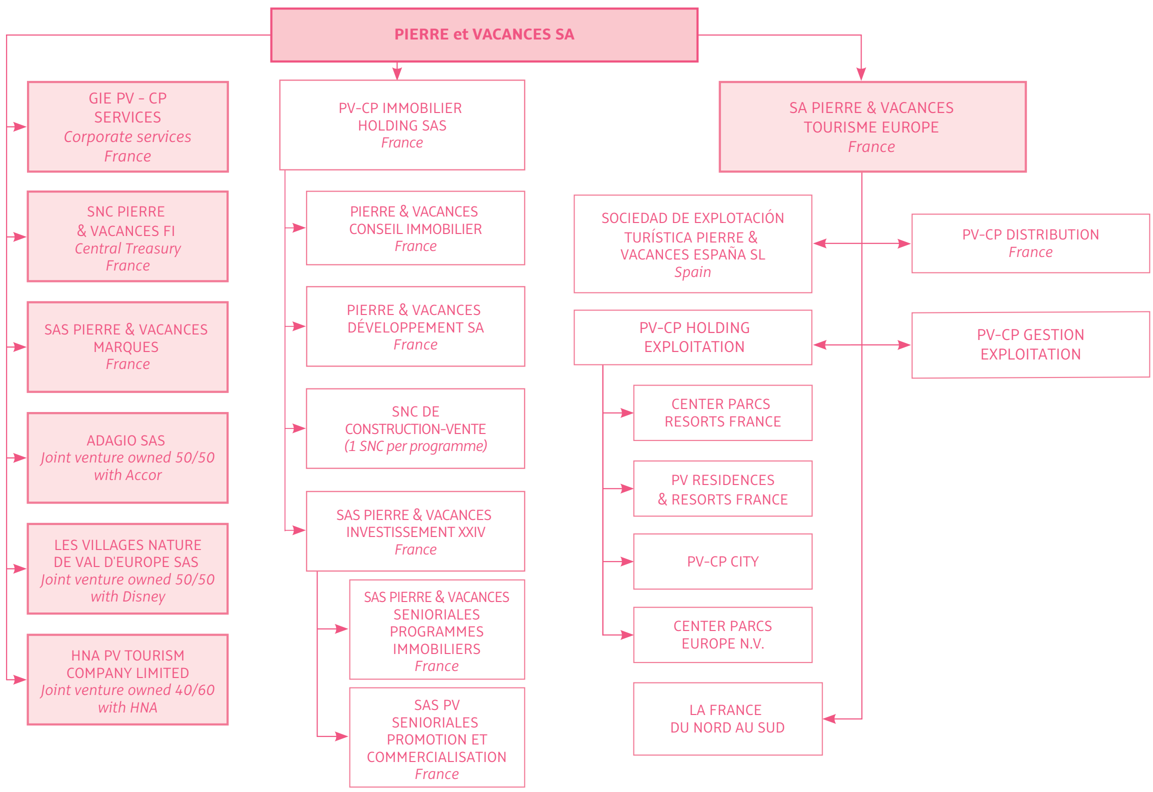
Up to 14 March 2016, the equity interests held by S.I.T.I. outside Pierre et Vacances SA mainly comprised the following:

- assets not transferred to Pierre et Vacances SA, prior to its initial public offering in June 1999. These were mainly companies holding land (CFICA, Lepeudry et Grimard, etc.) and various non-strategic assets (SAEM de Morzine Avoriaz, etc.);
- companies involved in other business sectors (interests held through GB Développement: Cine-@, TSF Jazz, Duc des Lombards, etc.);
- companies bought back during financial years 2004/2005 and 2005/2006 from individual investors, relating to apartments in Pierre & Vacances villages in Martinique and in Guadeloupe (SNC Société Hôtelière de la Rivière à la Barque, SNC Société Hôtelière de la Plage du Helleux and SNC Filao). Some of these apartments were split sold to individual investors.

As part of Gérard Brémond's asset restructuring, S.I.T.I. SA made a contribution in kind to S.I.T.I. Holding SAS on 14 March 2016, contributing its property assets and equity investments, excluding the Pierre et Vacances SA shares. This contribution in kind resulted in S.I.T.I. SA holding only its Pierre et Vacances SA equity investment, as well as the shares in its subsidiary S.I.T.I. Investissement SAS. S.I.T.I. SA retained its capacity as active holding company.

6.1.3 Legal form of Pierre et Vacances

Simplified organisational structure at 30 September 2016



The companies above (apart from the three joint ventures) are fully owned and consolidated.

Pierre et Vacances SA, the Group holding company, listed on Eurolist of Euronext Paris, holds equity interests in all the subholdings. It pays the external fees and expenses relating to the registered office at Artois, in the 19th district of Paris (particularly the rents), which it reinvoices to the various Group entities according to certain allocation criteria, particularly the square footage occupied. Pierre et Vacances SA is required to give sureties or guarantees to banks on behalf of its subsidiaries when setting up corporate finance or financial completion guarantees.

GIE PV-CP Services provides and invoices for management, administration, accounting, financial and legal services for the Group and handles the services shared by the Group's companies through service agreements.

Pierre & Vacances FI is the Group's central cash management company. It collects the surplus cash from the subsidiaries, redistributes it to those that need it and invests the balance.

Pierre & Vacances Marques SAS owns and manages the Pierre & Vacances, Maeva and Multivacances brands. As such, it reinvoices the Tourisme France operating entities for brand royalties.

Pierre & Vacances Tourisme Europe, the holding company for tourism activities, controls:

- PV-CP Gestion Exploitation SAS, the holding company for the business segment involved in portfolio management activities and relationships with owners;
- PV-CP Distribution SA, a travel agency, dedicated to promoting and selling residences and villages (not including selling and marketing of Center Parcs products for the BNG area, which are handled by Center Parcs Europe NV and its subsidiaries). In this

capacity, PV-CP Distribution SA reinvoices its selling fees to PV Résidences & Resorts France and Center Parcs Resorts France;

- PV-CP Holding Exploitation SAS, the holding company for the business segment involved in tourism operations, which controls:
  - Center Parcs Resorts France SAS which groups together all Bois Francs, Hauts de Bruyères, Les Trois Forêts and Domaine du Bois aux Daims operating activities, and which itself controls Domaine du Lac d'Ailette SNC, a subsidiary responsible for operating the Domaine du Lac d'Ailette holiday village in France,
  - PV Résidences & Resorts France SAS, which includes all the operating activities of the Maeva, Pierre & Vacances, Pierre & Vacances villages clubs and Pierre & Vacances premium villages and residences,
  - PV-CP City SAS, which includes all the operating activities of the 31 city residences acquired from Lamy on 15 June 2011,
  - Center Parcs Europe NV, a tourism holding company with a 100% stake in the Center Parcs Europe subgroup, which manages more than 15,400 cottages in the Netherlands, Germany and Belgium. This company performs the shared services for the Center Parcs Europe subgroup, which are reinvoiced to its subsidiaries and the commercial activity in the Netherlands. Center Parcs Europe NV indirectly controls:
    - Center Parcs Netherlands NV, a subsidiary which manages all the villages in the Netherlands (eight villages),
    - Center Parcs Germany Holding BV, which manages five villages in Germany through various subsidiaries,
    - CPSP België NV which, through various subsidiaries, markets and manages six villages in Belgium;
- *La France du Nord au Sud,* a recognised player in the online holiday rental market in France and Spain.
- Sociedad de Explotación Turística Pierre & Vacances España SL, which manages the Pierre & Vacances tourism operation in Spain.

PV-CP Immobilier Holding SAS (formerly CP Prog Holding), controls:

- PV Senioriales Promotion et Commercialisation, which promotes, constructs and markets residences for retired people;
- *Pierre & Vacances Conseil Immobilier (PVCI),* which sells to individual investors new or renovated apartments and homes developed and managed by the Pierre & Vacances-Center Parcs Group. It is also responsible, for the owners that require it, for selling these apartments and thus provides the investors with liquidity from their investment. PVCI bills the construction-sales companies for the marketing fees;
- *Pierre & Vacances Développement SA (PVD),* which carries out real estate prospecting and delegated project management. PVD invoices project management fees to the construction-sales companies;
- construction-sales companies.

The property development operations are in fact housed in dedicated construction-sales SNCs in order to simplify management and set-up of financing. Some property development operations can be carried out jointly with other parties. In such cases, Pierre & Vacances allows other developers to invest in these construction-sale companies.

The aim of PV-CP Immobilier Holding SAS is to wind up these companies and provide the ten-year warranty.

Different types of internal reinvoicing transactions are carried out between the entities of the tourism business segment and those of the property development business segment. These transactions are carried out under normal market conditions.

The construction-sales companies receive rents from the tourism business segment for the apartments that are not yet sold to investors but are operated by tourism entities. Conversely, for renovation operations, the property development companies that carry out the work indemnify the tourism operating companies for the costs incurred during the period of closure for the renovation work. Finally, the construction-sales companies sometimes pay the rent on apartments sold to investors before the site is opened to the public.

Furthermore, when, as part of the sale of properties to outside investors, the rent commitments given by the tourism operating companies are higher than market rents at the time of the sale, the excess rent, called "support funds", is recognised in the financial statements as a reduction to the selling price of the property. Therefore, this excess property margin is reallocated over the period of the lease to income from tourism activities.

Finally, the tourism operating companies help to manage certain property development programmes by participating in the design of the product, setting up the lease, delivering and accepting the site and putting it into operation. They also contribute to the marketing of certain property development programmes by actively helping with the selling work performed by their teams on the sites. For doing this work, they invoice project management and marketing fees to the property development companies concerned.

Summary of parent-child companies – FY 2015/2016

(in € thousands)	Tourism business	Property development	Other (including corporate departments)	PV SA (listed company)	Total Group
Non-current assets (including goodwill)	514,340	32,711	35,803	5,928	588,783
Gross financial debt (excluding derivative financial instruments – liabilities)	107,391	7,982	0	178,987	294,360
Cash and cash equivalents recognised on statement of financial position	38,130	7,255	36,117	5,923	87,425
Dividends paid to PV SA for the financial year	24,963	23,958	4,491	0	53,412

6.2 Information about the share capital

6.2.1 Share capital

At 30 November 2016, the share capital stood at €98,017,230 divided into 9,801,723 ordinary shares with a par value of €10 each, all of the same class and fully paid up.

The shares are in nominee or bearer form at the shareholder's discretion.

The Company keeps itself informed of the ownership of its shares under the conditions provided by law.

The shares are freely transferable, unless otherwise stipulated by law or regulations.

The transfer of the shares, whether free of charge or for a consideration and whatever their form, is done by transfer between accounts in accordance with the procedure laid down by law.

Double voting rights are attributed to shares held in nominee form for more than two years. At 30 November 2016, with double voting rights being granted on 4,024,210 shares, the total number of voting rights stood at 13,825,933 for 9,801,723 shares.

6.2.2 Potential capital

The potential theoretical capital of Pierre et Vacances, if all ORNANE convertible bonds were to be converted into new shares, would be €129,593,290 corresponding to 12,959,329 shares:

9,801,723 shares existing at 30/11/2016

+3,157,606 ORNANE convertible bonds (maturing on 01/10/2019)

= 12,959,329 potential shares at 30/11/2016

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6.2.3 Table summarising currently valid delegations of authority granted to the Board of Directors concerning capital increases

The Shareholders' Extraordinary Meeting of 4 February 2016 conferred certain powers upon the Board of Directors, authorising it to increase the share capital, with the option to sub-delegate said powers under the conditions provided for by law.

A list of the resolutions adopted during the Shareholders' Extraordinary Meeting and authorising the Board of Directors to increase the share capital is given below.

Shareholders' Extraordinary Meeting of 4 February 2016

Resolution No.	Purpose	Term	Use in 2015/2016
28	Authorisation to issue shares and/or securities giving immediate or eventual access to the Company's capital and/or securities giving right to the allotment of debt securities with maintenance of the preferential subscription rights and up to the par value of €50,000,000.	26 months	Not used
29	Authorisation to issue shares and/or securities giving immediate or eventual access to the Company's capital and/or securities giving right to the allotment of debt securities with cancellation of preferential subscription rights and up to the par value of €50,000,000, this amount being applied to the general ceiling set by the 28th resolution.	26 months	Not used
30	Authorisation to issue shares and/or securities giving immediate or eventual access to the Company's capital and/or securities giving right to the allotment of debt securities with cancellation of preferential subscription rights through private placement and up to the par value of €50,000,000, this amount being applied to the general ceiling set by the 28th and 29th resolutions.	26 months	Not used
31	Authorisation to increase the amount of issues made with or without cancellation of preferential subscription rights, up to 15% of the initial issue, subject to the ceilings set out in the 28th, 29th and 30th resolutions.	26 months	Not used
32	Authorisation to set the issue price of shares to be issued within the framework of the 29th and 30th resolutions, with cancellation of preferential subscription rights, up to 10% of the capital per year.	26 months	Not used
33	Authorisation to increase the share capital through the incorporation of reserves, profits, premiums or other amounts that may be capitalised, up to the par value of €50,000,000, this amount being applied to the general ceiling set by the 28th resolution.	26 months	Not used
34	Authorisation to increase the share capital up to the limit of 10% of issued capital to cover contributions in kind to the Company outside a public exchange offer.	26 months	Not used
35	Authorisation to make capital increases reserved for members of the Group Share Ownership Plan and up to the par value of €850,000.	26 months	Not used
36 and 37	Authorisation to issue preferential shares (ultimately convertible into existing or new ordinary shares) for allocation free of charge to executive and non-executive corporate officers and/or certain employees of the Company or of related companies or groupings. Free preferential share grants and the number of ordinary shares which can be created by converting preferential shares may not affect a number of existing or new shares representing over 4% of the number of ordinary shares comprising the share capital(1).	38 months	3,020 preferential shares allocated (not yet definitively acquired)

(1) Preferential shares allocated by the Board of Directors on 4 February 2016 under this authorisation will be definitively acquired on 4 February 2018, subject to attendance conditions being met, and will be convertible into ordinary shares, subject to performance conditions being met, as of 4 February 2020. It is currently anticipated that the ordinary shares obtained by converting the preferential shares will be incorporated in the Company's treasury shares.

6.2.4 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	9,801,723	14,879,010.96	98,017,230	9,801,723

6.3 Shareholders

6.3.1 Ownership of share capital and voting rights at 30 November 2016

At 30 November 2016, the estimated shareholder structure of Pierre & Vacances is as follows:

	Number of shares	% of issued capital	Value of the equity interest at 30 November 2016 *(in € thousands)*	Number of voting rights	% of voting rights
S.I.T.I.[(1)]	3,903,548	39.83	152,668	7,807,096	56.47
HNA Tourism Group	980,172	9.99	38,335	980,172	7.09
CONCERTED TOTAL	**4,883,720**	**49.83**	**191,003**	**8,787,268**	**63.56**
Directors	19,710	0.2	771	20,280	0.15
Treasury shares[(2)]	272,567	2.78	10,660	272,567	1.97
of which shares acquired as part of the buy-back programme	*270,016*		*10,560*		
of which shares acquired as part of the liquidity agreement	*2,551*		*100*		
General public[(3)]	4,625,726	47.19	180,912	4,745,818	34.32
TOTAL	**9,801,723**	**100**	**383,345**	**13,825,933**	**100**

(1) S.I.T.I. SA is 63.48% directly owned by S.I.T.I. SC "R", the latter being 90% owned by Gérard Brémond.
(2) Treasury shares for which the voting rights cannot be exercised.
(3) Including employees (102,941 shares or 1.05% of issued capital) and Financière de l'Échiquier (489,872 shares according to the notice of breaching the thresholds dated 17 November 2016, or 4.99% of the share capital).

The Company has taken a number of measures to prevent the control exerted by S.I.T.I. SA from being abusive (see the Chairman's report on the organisation of the Board of Directors and internal control procedures, which is included in the annual financial report).

To the Company's knowledge, no other shareholder owns more than 5% of the share capital or voting rights (other than those listed above).

In accordance with Article L. 223-13 of the French Commercial Code and given the disclosures and notifications received in accordance with Articles L. 233-7 and L. 233-12 of said Code, it is stated that:

- S.I.T.I. SA directly holds more than a third of the share capital and more than half of the voting rights at Shareholders' Ordinary Meetings;
- S.I.T.I. SC "R" indirectly holds over a third of the share capital and over half of the voting rights at Shareholders' Ordinary Meetings;
- HNA Tourism Business Group directly holds over a twentieth of the share capital and the voting rights at Shareholders' Ordinary Meetings.

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

	Situation at 30 September 2014			Situation at 30 September 2015			Situation at 30 September 2016		
Shareholders	**Number of shares**	**% capital**	**% voting rights**	**Number of shares**	**% capital**	**% voting rights**	**Number of shares**	**% capital**	**% voting rights**
S.I.T.I.	3,903,548	44.25	60.71	3,903,548	44.25	60.72	3,903,548	39.83	56.46
HNA Tourism Group	NA	NA	NA	NA	NA	NA	980,172	9.99	7.09
CONCERTED TOTAL	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**4,883,720**	**49.83**	**63.55**
Directors	3,963	0.04	0.07	3,923	0.04	0.06	19,710	0.20	0.14
Treasury shares[(1)]	376,594	4.27	2.92	373,345	4.23	2.90	272,303	2.78	1.98
General public	4,537,446	51.44	36.30	4,540,735	51.47	36.32	4,625,990	47.19	34.33
of which employees	*48,159*	*0.54*	*0.78*	*44,799*	*0.51*	*0.70*	*104,341*	*1.06*	*0.99*
TOTAL	**8,821,551**	**100**	**100**	**8,821,551**	**100**	**100**	**9,801,723**	**100**	**100**

(1) Treasury shares for which the voting rights cannot be exercised.

Article 222-12 of the General Regulations of the AMF states that, to calculate shareholding thresholds, the total number of voting rights is determined on the basis of all of the shares to which voting rights are attached, including shares stripped of voting rights.

6.3.3 Group share ownership plan

The Group Share Ownership Plan, set up with the payment of the employees' profit-sharing entitlement for 1997/1998, received voluntary payments from employees and the Company's matching contributions to subscribe for Pierre et Vacances shares in connection with the initial public offering and capital increase of March 2002. It also receives voluntary payments from employees.

Within this Group Share Ownership Plan, the mutual fund consisting exclusively of Pierre et Vacances shares represented 0.19% of the capital at 30 September 2016 (18,310 shares).

6.3.4 Employee profit-sharing

A special Group employee profit-sharing agreement, covering the majority-controlled French entities, distributes the Group's special profit-sharing reserve (equalling the total special profit-sharing reserves calculated in each company) between all Group employees having an employment contract for more than three months with a participating entity. The special profit-sharing reserve for the Group profit-sharing agreement set aside for the 2015/2016 financial year amounts to €363,515.

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

For the 2014/2015 financial year	€124,092
For the 2013/2014 financial year	/
For the 2012/2013 financial year	€14,293
For the 2011/2012 financial year	€271,786

6.3.5 Notice of the breaching of shareholding thresholds

- On 4 April 2016, HNA Tourism Group declared that it had exceeded the thresholds, on 30 March 2016, in concert with S.I.T.I., of 1/3 of the capital and 50% of the voting rights of Pierre et Vacances SA.

  At this time, HNA Tourism Group declared that it had individually exceeded the thresholds of 5% of the capital and the voting rights.
- Financière de l'Échiquier, acting on behalf of managed funds, declared that it downwardly breached:
  - on 6 April 2016, the threshold of 5% of Pierre et Vacances SA voting rights, holding at that date, on behalf of said funds, 643,500 shares representing as many voting rights, namely 6.57% of the capital and 4.65% of the voting rights. This breaching of thresholds resulted from an increase in total number of PV SA voting rights, following the reserved capital increase to HNA Tourism Group;
  - on 14 November 2016, the threshold of 5% of Pierre et Vacances SA capital, holding at that date, on behalf of said funds, 489,872 shares representing as many voting rights, namely 4.99% of the capital and 3.54% of the voting rights

6.3.6 Shareholders' agreements

A strategic partnership agreed on 6 November 2015 between the Chinese company HNA Tourism Group (HNA) and Pierre et Vacances SA resulted in S.I.T.I. and HNA drawing up a shareholders' agreement, constituting concerted action between them relative to Pierre et Vacances SA. In this regard, S.I.T.I. and HNA requested and obtained from the financial markets authority an exemption from the obligation to register a public tender offer for Pierre et Vacances shares.

The main clauses of the agreement are the following:

- **Governance:** HNA has two representatives on the Pierre et Vacances SA Board of Directors. The parties also agree that (i) the S.I.T.I. board members will represent the majority of the members of the Board of Directors and (ii) for as long as the lock-up clause remains valid (see below), the number of board members can only be increased by four members over and above the nine current members and the two board members representing HNA, namely a maximum number of 15 board members;
- **Standstill:** HNA pledges not to detain, directly or *via* the intermediary of its affiliates, more than 15% of the capital and voting rights of Pierre et Vacances SA, unless it passively crosses this threshold due to an operation under the responsibility of Pierre et Vacances SA or S.I.T.I. This threshold of 15% will be increased to 20% if S.I.T.I. (i) owns more than 50% of Pierre et Vacances SA voting rights and a third party were to own more than 15% of the capital and voting rights of Pierre et Vacances SA, or (ii) comes to own less than 50% of the voting rights of Pierre et Vacances SA.

This pledge does not prevent HNA from (i) making a counter-bid in the event of a public offer to acquire Pierre & Vacances shares, (ii) offering to buy S.I.T.I.'s shareholding in the event of Mr Gérard Brémond's death or in the event of the sale of all or some of his shares by S.I.T.I. if this sale causes the loss of control (as described in Article L. 233-3, I, 1° of the French Commercial Code) by S.I.T.I. over Pierre et Vacances SA.

Lock-up: HNA agrees not to sell Pierre et Vacances shares until the first of the following two dates:

- the exclusive right of the joint company created with a view to development in China is lost; and
- five years have elapsed since the Chinese administrative authorisation necessary for the joint company's activity was obtained.

As an exception, HNA may in particular: (i) reclassify its Pierre et Vacances shares with one of its affiliates, (ii) offer its shares in a public tender and (iii) pledge its shares.

Assuming a loss of the joint company's above-mentioned exclusivity right in application of the cases planned for by the joint company contract, HNA and S.I.T.I. will consult each other with a view to selling off the Pierre et Vacances shares owned by HNA to one or several buyers. As of this loss of exclusivity right, (i) S.I.T.I. will benefit from a pre-emptive right on any disposal of Pierre et Vacances shares by HNA and (ii) HNA will no longer benefit from representatives on the Pierre et Vacances SA Board of Directors and will no longer exercise the voting rights attached to its shares.

- **Consultation prior to all share acquisitions or disposals:** Assuming that one of the parties would like to acquire or sell Pierre et Vacances shares, the parties pledge to concert with each other prior to any action in order to take all measures necessary to avoid the obligation of having to register a public tender offer for all of the Pierre et Vacances SA shares. S.I.T.I. and HNA pledge to mutually inform each other, within five trading days, of any increase or decrease in their stake in Pierre et Vacances.
- **Start and end date of shareholders' agreement:** The agreement entered into force on the day of the capital increase reserved for HNA and will end (i) if S.I.T.I.'s equity interest in Pierre et Vacances falls below 43% of the voting rights within two years of HNA acquiring a stake or below 40% at the end of this two-year period, (ii) if a third party should hold over 20% of the Pierre et Vacances capital while S.I.T.I. holds less than 50% of the Pierre et Vacances voting rights, (iii) in the event of an obligatory public repurchase offer as provided for in Article 236-6, 2° of the AMF General Regulations and (iv) if S.I.T.I. makes a takeover bid for the Pierre et Vacances shares. The end of the pact will automatically end the concerted action between S.I.T.I. and HNA.

6.3.7 Report on treasury shares

Within the framework of the treasury share buy-back programme authorised by the Shareholders' Ordinary Meeting of 4 February 2016, 43,593 shares were acquired under the AMAFI liquidity agreement at an average price of €36.94 between 4 February 2016 and 30 September 2016. During this same period, 42,807 shares were sold at an average price of €36.93 as part of the AMAFI agreement.

Moreover, on 2 January 2016, 97,935 shares were registered to the beneficiaries' account, debited from the treasury shares account, as follows:

- 84,584 shares from the bonus share plan of 28 May 2013;
- 6,162 shares from the bonus share plan of 3 September 2013;
- 7,189 shares from the bonus share plan of 2 December 2013.

Using the authorisations granted by the Shareholders' Ordinary Meeting of 2 March 2006, on 9 January 2007, the Board of Directors instituted a Pierre et Vacances share purchase option plan involving 46,875 shares for the benefit of Group managers with a high level of responsibility. Under this plan, options were granted to 19 beneficiaries for the purchase of 46,875 treasury shares at €87.40 each. The option price at grant date reflects the average Pierre et Vacances SA share price during the 20 trading sessions preceding the launch of the plan, less a 5% discount. To date, 46,875 options are outstanding.

Using the authorisations granted by the Shareholders' Ordinary Meeting of 2 March 2006, on 7 January 2008, the Board of Directors instituted a Pierre et Vacances share purchase option plan involving 38,375 shares for the benefit of Group managers with a high level of responsibility. Under this plan, options were granted to 10 beneficiaries for the purchase of 38,375 treasury shares at €86.10 each. The option price at grant date reflects the average Pierre et Vacances SA share price during the 20 trading sessions preceding the launch of the plan, less a 5% discount. To date, 38,375 options are outstanding.

Using the authorisations granted by the Shareholders' Ordinary Meeting of 14 February 2008, on 12 January 2009, the Board of Directors instituted a Pierre et Vacances share purchase option plan involving 5,000 shares for the benefit of a Group manager with a high level of responsibility. Under this plan, options were granted to a beneficiary for the purchase of 5,000 treasury shares at €39.35 each. The option price at grant date reflects the average Pierre et Vacances SA share price during the 20 trading sessions preceding the launch of the plan. To date, 5,000 options are outstanding.

Using the authorisations granted by the Shareholders' Ordinary Meeting of 3 March 2011, on 3 March 2011, the Board of Directors instituted a Pierre et Vacances share purchase option plan involving 222,500 shares for the benefit of 41 Group managers with a high level of responsibility. Under this plan, options were granted to 41 beneficiaries for the purchase of 222,500 treasury shares at €63.93 each. The option price at grant date reflects the average Pierre et Vacances SA share price during the 20 trading sessions preceding the launch of the plan. To date, 135,000 options are outstanding and 87,500 options have lapsed.

Using the authorisations granted by the Shareholders' Ordinary Meeting of 13 March 2014, on 26 May 2014, the Board of Directors introduced a Pierre & Vacances bonus share plan which involved granting a maximum of 20,889 shares to three top executives within the Group, the bonus share grant being subject to performance requirements and not being made final until the end of a vesting period expiring on 31 December 2016, said shares originating from buybacks made by the Company. To date, a maximum of 8,889 bonus shares have been granted to one beneficiary.

Using the authorisations granted by the Shareholders' Ordinary Meeting of 13 March 2014, on 2 December 2014, the Board of Directors introduced a Pierre & Vacances bonus share plan which involved granting a maximum of 2,222 shares to one top executive within the Group, the bonus share grant being subject to performance requirements and not being made final until the end of a vesting period expiring on 31 December 2016, said shares originating from buybacks made by the Company.

Using the authorisations conferred upon it by the Shareholders' Ordinary Meeting of 4 February 2016, the Board of Directors began, on 4 February 2016, a plan to allocate 1,476 free preferential shares to three executive and non-executive corporate officers. Preferential shares will be definitively allocated to the beneficiaries and thus issued at the end of the acquisition period, *i.e.* 4 February 2018. They can only be converted into ordinary shares after a two-year lock-in period, at a maximum parity of 100 ordinary shares for one preferential share, this parity being reduced if 100% of the performance conditions set by the Board of Directors are not met. It is currently anticipated that the ordinary shares obtained by converting the preferential shares will be incorporated in the Company's treasury shares.

Using the authorisations conferred upon it by the Shareholders' Ordinary Meeting of 4 February 2016, the Board of Directors began, on 4 February 2016, a plan to allocate 1,544 free preferential shares to 63 senior Group executives. The preferential shares will be definitively allocated to the beneficiaries and thus issued at the end of the acquisition period, *i.e.* 4 February 2018. They can only be converted into ordinary shares after a two-year lock-in period, at a maximum parity of 100 ordinary shares for one preferential share, this parity being reduced if 100% of the performance conditions set by the Board of Directors are not met. It is currently anticipated that the ordinary shares obtained by converting the preferential shares will be incorporated in the Company's treasury shares. To date, a maximum of 1,445 preferential shares have been granted to 60 beneficiaries.

At 30 September 2016, the Company held 272,303 treasury shares, of which 2,287 were part of the liquidity agreement and 270,016 were held under the buy-back programme.

The 270,016 shares held under the buy-back programme are reserved for the plans listed above.

The Company has asked Natixis to implement a liquidity agreement according to the Code of Ethics established by the *Association Française des Marchés Financiers* (the French Financial Markets Professional Association, or AMAFI) and approved by the *Autorité des Marchés Financiers* (the French Financial Markets Authority, or AMF).

As the authorisation given by the Shareholders' Ordinary Meeting of 4 February 2016 authorising a share buyback programme expires on 4 August 2017, 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 2016.

6.3.8 Description of the programme submitted for approval to the Shareholders' Combined Ordinary and Extraordinary Meeting of 21 February 2017

As the authorisation given by the Shareholders' Ordinary Meeting of 4 February 2016 is valid until 4 August 2017, it was necessary to issue a new authorisation which will bring to en end, for the unused fraction, the authorisation given by the Shareholders' Combined Ordinary and Extraordinary Meeting on 4 February 2016 to the Company to perform transactions on its own shares.

The object of this authorisation will be to enable the Company to perform transactions on its own shares for the purposes of:

1) stimulating the market *via* a liquidity agreement in accordance with the AMAFI code of conduct;
2) allocating bonus shares and/or share purchase options to executive and non-executive corporate officers or employees, or selling shares to employees as part of a profit-sharing programme, employee shareholder plans or company savings plans;
3) using shares to exercise rights attached to marketable securities carrying the right to company shares by redemption, conversion, exchange, presentation of a warrant or any other way;
4) using shares as payment or exchange in the context of external growth operations, to minimise the acquisition cost or, more generally, to improve the conditions of a transaction;
5) cancelling shares, subject in this latter case, to a vote by the Shareholders' Extraordinary Meeting of a specific resolution.

Pierre et Vacances will have the option to acquire 10% of its capital, *i.e.* on 30 November 2016, 980,172 shares with a par value of €10 each. In view of the 272,567 treasury shares already held at 30 November 2016, the maximum number of shares that can be acquired under this buyback programme is therefore 707,605, which corresponds to a theoretical maximum investment of €49,532,350 based on the maximum purchase price of €70 provided for in the resolution which will be put to the vote at the Shareholders' Ordinary Meeting of 21 February 2017 for approval. However, because the buyback programme primarily aims to adjust the share price, this maximum investment spending should not be reached.

The authorisation will be granted for a period of eighteen months from the Shareholders' Combined Ordinary and Extraordinary Meeting of 21 February 2017, *i.e.* until 21 August 2018.

6.3.9 Policy of dividend payments over the last five financial years – time limit for dividend claims

Over the last five financial years, Pierre et Vacances SA has made the following dividend payments:

Financial year for which the dividend was paid	**Number of shares**(1)	**Par value** *(in €)*	**Net dividend** *(in €)*
2010/2011	8,517,904	10	0.70
2011/2012	8,453,568	10	/
2012/2013	8,448,844	10	/
2013/2014	8,444,461	10	/
2014/2015	8,550,527	10	/

(1) Number of shares eligible for dividends for the year.

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 2016 results, the non-payment of a dividend will be proposed to the Shareholders' Ordinary Meeting of 21 February 2017.

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
SA S.I.T.I.	NEUFLIZE OBC	22 March 2011	30 April 2020	900,000 or 9.18% of the issuer's share capital

6.4 Stock market indicators

Share

As at 30 November 2016, Pierre & Vacances shares are listed on the Eurolist of Euronext Paris (Compartment B) and are included in the CAC All-Tradable, CAC Mid & Small 190, CAC Travel & Leisure and CAC Small 90 indexes.

Share trading over the last 18 months:

Period	Number of shares exchanged	Issued capital *(in € millions)*	Adjusted highs and lows	
			Highest	Lowest
June 2015	92,504	2,85	32.50	28.10
July 2015	103,425	3,21	33.46	27.51
August 2015	41,026	1,18	30.37	26.01
September 2015	84,868	2,31	28.73	24.01
October 2015	148,771	3,62	25.60	23.51
November 2015	278,217	7,61	30.49	23.51
December 2015	92,323	2,64	29.99	27.51
January 2016	130,590	3,82	30.25	27.01
February 2016	68,265	1,90	29.62	26.42
March 2016	170,240	5,27	32.20	28.55
April 2016	298,385	9,92	35.49	30.60
May 2016	320,284	12,09	41.98	32.95
June 2016	257,508	9,98	41.39	35.53
July 2016	339,811	14,04	43.89	38.99
August 2016	168,687	6,78	42.93	38.60
September 2016	142,341	5,57	40.61	37.50
October 2016	146,164	5,48	39.50	35.60
November 2016	304,506	11,54	39.70	33.00

(Source: Euronext).

Convertible bonds

ORNANE

In February 2014, the Company issued bonds redeemable in cash and new or existing shares (ORNANE), maturing on 1 October 2019. These bonds were admitted for trading on Euronext Paris on 12 February 2014.

Share trading over the last 18 months:

	Price	
	Highest	**Lowest**
June 2015	38.52	36.11
July 2015	39.20	35.71
August 2015	38.90	35.51
September 2015	37.70	37.00
October 2015	35.55	34.20
November 2015	38.50	35.00
December 2015	38.00	37.00
January 2016	38.50	36.50
February 2016	37.50	36.20
March 2016	38.50	36.50
April 2016	38.85	38.00
May 2016	42.00	37.20
June 2016	42.09	39.60
July 2016	41.06	41.00
August 2016	42.60	41.00
September 2016	40.51	39.60
October 2016	40.75	39.40
November 2016	40.40	37.57

(Source: Euronext).

Pierre & Vacances – Village Club Fuerteventura Origo Mare (Spain)

7

Additional information

7.1 Person responsible for the Registration Document and auditing the financial statements

7.1.1 Name of the person assuming responsibility for the Registration Document

Gérard BRÉMOND, Chairman and Chief Executive Officer.

This information is provided under the sole responsibility of the executives of the Company.

7.1.2 Declaration of the person assuming responsibility for the Registration Document

I hereby certify, after taking all reasonable measures to that effect, that the information contained in this Registration Document is, to the best of my knowledge, accurate and does not include any omission that would distort its substance.

I hereby certify that, to the best of my knowledge, the financial statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, financial position and results of the Company and all companies in the Group, and that the management report given on page 62 and above and the following presents a true and fair picture of the changes in the business, the results and the financial position of the Company and all companies in the Group, and describes the main risks and uncertainties they face.

I have obtained an audit completion letter from the independent auditors, in which they indicate that they have audited the information concerning the financial position and financial statements presented in this Registration Document, and have read the entire document.

Paris, 15 December 2016
Gérard BRÉMOND,
Chairman and Chief Executive Officer

7.2 Statutory Auditors

Principal Statutory Auditors:

ERNST & YOUNG & Autres

Bruno Bizet

1/2, place des Saisons – 92400 COURBEVOIE-PARIS-LA DÉFENSE 1

First appointed by the General Meeting of 29 May 1990

Reappointed for six years by the General Meeting of 4 February 2016

GRANT THORNTON

Virginie Palethorpe

29, rue du Pont – 92200 Neuilly-Sur-Seine

First appointed by the General Meeting of 4 February 2016

Deputy Statutory Auditors:

AUDITEX

1/2, place des Saisons – 92400 COURBEVOIE-PARIS-LA DÉFENSE 1

First appointed by the General Meeting of 28 February 2013

Reappointed for six years by the General Meeting of 4 February 2016

INSTITUT DE GESTION ET D'EXPERTISE COMPTABLE – IGEC

29, rue du Pont – 92200 Neuilly-Sur-Seine

First appointed by the General Meeting of 4 February 2016

7.3 Fees paid to the Statutory Auditors and members of their network

	Ernst & Young & Autres				GRANT THORNTON			
	Amount		%		Amount		%	
(in € thousands)	2015/2016	2014/2015	2015/2016	2014/2015	2015/2016	2014/2015	2015/2016	2014/2015
Audit								
Statutory audits, certifications, examination of individual and consolidated financial statements	1,126	1,145	48%	54%	270	282	97%	100%
Issuer	259	260	11%	12%	117	123	42%	44%
Fully integrated subsidiaries	867	885	37%	42%	153	159	55%	56%
Other examinations and services directly associated with the task of the Statutory Auditor	106	47	4%	2%	9		3%	
Issuer	103	47	4%	2%	9		3%	
Fully integrated subsidiaries	3							
SUB-TOTAL	**1,232**	**1,192**	**52%**	**57%**	**279**	**282**	**100%**	**100%**
Other services provided by the networks to fully integrated subsidiaries								
Legal, fiscal, social	1,115	913	48%	43%				
Others (to be specified if > 10% of the audit fees)								
SUB-TOTAL	**1,115**	**913**	**48%**	**43%**				
TOTAL	**2,347**	**2,105**	**100%**	**100%**	**279**	**282**	**100%**	**100%**

The parent company and consolidated financial statements of the Center Parcs Europe subgroup for 2015/2016 and 2014/2015 have been audited by the auditors of the Ernst & Young network in the Netherlands, Germany and Belgium and by Ernst & Young & Autres in France.

In addition, fees for taxation services relate to the review work carried out in 2015/2016 by members of the Ernst & Young network as part of non-recurring operations in the Netherlands.

7.4 Information incorporated by reference

In accordance with Article 28 of Commission Regulation (EC) No. 809/2004, the following information is incorporated by reference in the present Registration Document:

- the consolidated financial statements and corresponding audit reports shown on pages 80 to 149 (financial report) of the 2014/2015 Registration Document registered with the AMF on 15 December 2015 under number D. 15-1097;
- the consolidated financial statements and corresponding audit reports shown on pages 78 to 144 (financial report) of the 2013/2014 Registration Document registered with the AMF on 20 January 2015 under number D. 15-0026;
- the Group management report shown on pages 58 to 75 (financial report) of the 2014/2015 Registration Document filed with the AMF on 15 December 2015 under number D. 15-1097;
- the Group management report shown on pages 30 to 77 (financial report) of the 2013/2014 Registration Document filed with the AMF on 20 January 2015 under number D. 15-0026;
- parts not included in these documents are either irrelevant to the investor or covered elsewhere in the Registration Document.

7.5 Annual information document

The list of information[24] published or made public by the Pierre & Vacances-Center Parcs Group over the last twelve months, pursuant to Article L. 451-1-1 of the French Monetary and Financial Code and Article 222–7 of the French Financial Markets Authority (AMF) General Regulations, is the following:

Financial results

- Registration Document 2014/2015:
  - filed with the AMF on 15 December 2015 under No. D. 15-1097;
  - notice of the publication of the 2014/2015 Registration Document, published on 16 December 2015;
- Shareholders' Combined Ordinary and Extraordinary Meeting of 4 February 2016:
  - meeting notice, published in the French bulletin of obligatory legal announcements (BALO) of 28 December 2015;
  - meeting notice, published in the French bulletin of obligatory legal announcements (BALO) of 18 January 2016;
  - procedures for obtaining copies or viewing preparatory documents for the 2016 Shareholders' Meeting;
  - voting results on resolutions;
  - parent company financial statements – Certifications of the Statutory Auditors on the parent company financial statements and the consolidated financial statements, published in the French bulletin of obligatory legal announcements (BALO) of 25 March 2016;
- Financial information:
  - 1st quarter 2015/2016, published on 19 January 2016;
  - 2nd quarter 2015/2016, published on 14 April 2016;
  - 3rd quarter 2015/2016, published on 12 July 2016;
  - 4th quarter 2015/2016, published on 13 October 2016;
- 1st half of the 2015/2016 financial year:
  - Results of the first half of 2015/2016, published on 25 May 2016;
  - 2015/2016 half-year financial report, published on 31 May 2016;
- Annual results for 2015/2016, published on 23 November 2016.

Transactions on the share capital

- Half-yearly report on the liquidity agreement:
  - at 31 December 2015, published on 8 January 2016;
  - at 30 June 2016, published on 7 July 2016;
- Monthly declarations of the number of shares and rights in 2015 at 31 December; in 2016 at 31 January, 29 February, 31 March, 30 April, 31 May, 30 June, 31 July, 31 August, 31 October, and 30 November.

Other information

- "Signature of strategic partnership agreements between the Pierre & Vacances-Center Parcs and HNA Tourism groups" published on 9 November 2015;
- "Capital increase reserved for the HNA Tourism Group" published on 31 March 2016;
- "Pierre & Vacances-Center Parcs speeds up the development of maeva.com with the acquisition of 'la France du Nord au Sud'", published on 27 April 2016;
- "Commercial and operational management of Villages Nature Paris" published on 21 October 2016.

(24) Information available on the Pierre et Vacances website at http://groupepvcp.com and in the French Bulletin of Obligatory Legal Announcements (BALO).

7.6 Concordance tables

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