



GROUPE
PIERRE & VACANCES

Business Report

2004/2005 Pierre & Vacances – Pierre & Vacances City – Maeva – Résidences MGM – Hôtels Latitudes – Center Parcs



02 CHAIRMAN'S MESSAGE

04 CORPORATE GOVERNANCE

06 PIERRE & VACANCES ON THE STOCK MARKET

08 KEY FIGURES 2004/2005

09 STRATEGY

14 TOURISM

24 PROPERTY DEVELOPMENT

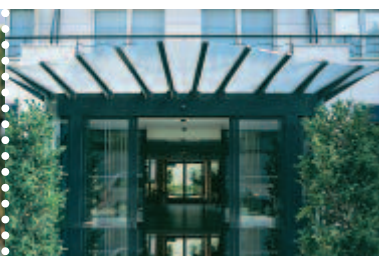
30 SUSTAINABLE DEVELOPMENT

Find detailed financial data
in the 2004/2005 financial report.

TOURISM



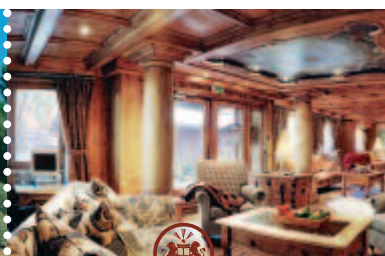
Pierre & Vacances



Pierre & Vacances
CITY



maeva



RESIDENCES
MGM

77 HOLIDAY RESIDENCES 14 VILLAGES

Pierre & Vacances operates upscale holiday residences and villages for well-off European families in world famous seaside and mountain resorts, as well as in the country or in towns. The villages include a comprehensive range of sports and leisure activities as well as children's clubs.

15 PIERRE & VACANCES CITY

Residences under the Group's city brand, Pierre & Vacances City, are located close to events and business centres and offer fully equipped and ready to live in apartments. Pierre & Vacances City is an excellent alternative to classic hotel offerings, especially for long breaks and business customers.

166 HOLIDAY RESIDENCES

Maeva offers attractive rental rates in holiday residences, primarily to French holidaymakers. The residences are located in the centre of or close to major French tourist resorts, in the vicinity of sports and leisure facilities.

10 RESIDENCES

Résidences MGM offers prestige rentals in the most beautiful mountain resorts. The brand meets the requirements of particular demanding European families.

The Pierre & Vacances Group was created in 1967 and is the European leader in holiday residences.

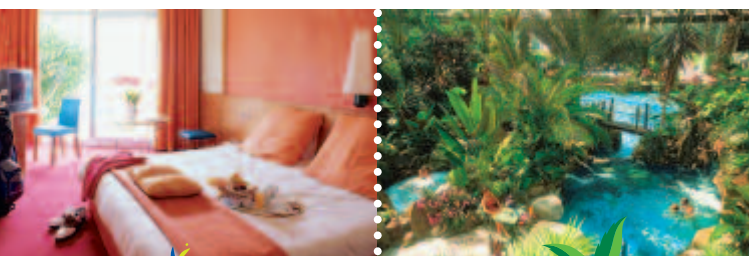
The Group's expansion is based on two complementary businesses, namely property development and tourism.

The Group's original concept is based on the notion of « the freedom to choose one's holiday and "à la carte" services » and includes six brands: Pierre & Vacances, Pierre & Vacances City, Maeva, Résidences MGM, Hôtels Latitudes and Center Parcs.

In 2005, the Group welcomed 6.4 million holidaymakers, 50% of which from France.

The tourist residence portfolio includes 45,000 apartments and homes, or 210,000 beds.

PROPERTY DEVELOPMENT



latitudes
HOTELS

CenterParcs



PIERRE & VACANCES
DEVELOPPEMENT



PIERRE & VACANCES
CONSEIL IMMOBILIER

12 HOTELS

The brand covers the hotel portfolio of the Group. It offers business customers and holidaymakers 12 hotels in France (6 seaside, 5 mountain, 1 city).

16 VILLAGES

Center Parcs is the leading European brand in short breaks in the countryside, targeting well-off European families seeking a short break in a protected rural surrounding and offering highly diversified indoor facilities (tropical swimming pool, restaurants, shops, etc.). Center Parcs Europe is open all year round and has villages in the Netherlands, Germany, Belgium and France.

1,730 APARTMENTS

Pierre & Vacances Développement designs property construction projects and provides project management services for the Group's various tourist brands.

80 PROPERTY ADVISORS

Pierre & Vacances Conseil Immobilier finds private buyers for new or renovated apartments and holiday homes and has a network of around 80 exclusive property advisers in France, the UK and Spain. PVCI also develops partnerships with European real estate and financial organisations.

Chairman's message

Consolidated 2004/2005 turnover rose 1.2%⁽¹⁾ on the previous year to €1,176.2 million. Our business divisions had mixed performances. The tourism business, accounting for 81% of consolidated turnover, was virtually stable compared with 2003/2004, suffering from disadvantageous economic conditions. Overall growth in turnover from the Pierre & Vacances, Maeva, Résidences MGM and Hôtels Latitudes brands stood at 2.4%⁽¹⁾ compared with the previous year, with the rebound in business in the Mediterranean and expansion of direct sales having more than offset the decline in business from non-French customers. Turnover at Center Parcs Europe fell 3.7%⁽¹⁾ despite growth in French villages and was hit by the decline in the Dutch market which is home to 43% of its visitors. The economic crisis in the Netherlands has taken a toll on Center Parcs Europe since summer 2004 and this continued in summer 2005.

Turnover from the property development division (19% of consolidated turnover) rose a further 11.3% compared with 2003/2004, driven by momentum in the renovation business.

Within the sluggish environment for tourism activities and robust property development business, the Group generated attributable net income before extraordinary items of €33 million.

As a basis for coming years, we have implemented a significant earnings growth programme focused primarily on improving performances in the tourism business. Plans launched mainly at Pierre & Vacances, Maeva and Center Parcs Europe should pave the way for turnover growth and cost savings, estimated at €22 million in 2005/2006, which is higher than the increase in fixed costs caused by inflation. The property development businesses are set to remain buoyant in terms of both turnover and margins, underpinned by the expansion of residences to be renovated and new tourism property.

During 2004/2005, work began on two sizeable projects, namely the renovation of a 375-apartment residence overlooking the Seine and the construction of a Center Parcs village in Picardy including 840 cottages.

The Group also continued to acquire residences destined for renovation from institutional investors, located in renowned tourist resorts. The success enjoyed in this business is continuing, in terms of both quality (upgrading of residences adapted to customer expectations) and sales. As such, more than 3,000 apartments under the Pierre & Vacances, Maeva and Hôtels Latitudes brands have been renovated over the past four years, equating to some €110 million in investment spending, financed by individual investors.

In July 2005, the first Pierre & Vacances holiday residence was opened in Catalonia in Spain after construction and marketing by the property development division. The success of the residence in both the property and tourism businesses confirmed the wisdom of our expansion model in the country. The project to build a village with 330 apartments on the Costa del Sol is currently being marketed to investors.

Finally, we would like to bolster our presence in the buoyant urban residence segment with the aim of opening 20 new Pierre & Vacances City residences over the next five/seven years in major regional towns in France (Strasbourg, Lyons...) and in Europe (Brussels, Barcelona...).

I have every confidence that the Pierre & Vacances Group is capable of increasing the earnings generated by the tourism and property development businesses in view of the expertise and motivation of its teams. We are all working towards the following group objectives:

- improving earnings in the tourism division via the plans implemented over the year;
- continuing to upgrade and expand the tourism property portfolio via renovation work and construction of new villages and residences;
- adapting our distribution channels to changes in the tourism sector, in particular via Internet;
- unlocking synergies between Pierre & Vacances and Center Parcs Europe;
- continuing our selective expansion strategy in France and in Europe.

(1) On a same-structure and accounting method basis.



Gérard Brémont
Chairman, CEO

“... I have every confidence that the Pierre & Vacances Group is capable of increasing the earnings generated by the tourism and property development businesses...”



Corporate governance

Several bodies are involved in defining and implementing the strategic objectives of the Pierre & Vacances Group.

The **Board of Directors** of Pierre & Vacances SA has eight members, three of whom are independent as defined by the criteria set out in the Bouton report of September 2002. In line with recommendations on good governance, the mandate of these members was reduced from six to three years on March 11th 2004.

Over the past year, the Board met seven times and had an overall attendance rate of 92.9%.

The Board of Directors has adopted a Director's Charter and Internal Rules stipulating how the Board functions and the personal conduct of Directors with respect to their mandate.

The **Executive Committee** has seven members, all of whom are Group executives. The Committee meets every three months, unless there is a temporary need for more frequent meetings.

The role of the Executive Committee is to bring together the Group's principal senior managers to discuss strategic matters concerning all or virtually all

of the Group's businesses, including for example, brand management, product segmentation, development of site locations for the Group's various brands, human resources, consolidated risk management and key financial indicators (earnings, cash flow, data centralisation, management control, etc.).

The Committee is responsible for strategic business planning and developing internal synergies within the Group.

In addition to the members of the Executive Committee, the **Management Committee** includes the principal directors of the Pierre & Vacances Group. Today it has 23 members.

The Group's Management Committee meets at least twice a year and more often if necessary.

The Committee provides an opportunity to inform and consult the opinions of the Group's major senior managers in terms of the strategy and objectives of the various divisions making up the Pierre & Vacances Group, as well as subjects applicable across the Group.

The three decision-making bodies are backed by similar committees specific to the various operating divisions, in particular:

- the **Tourism Committee**: the committee is made up of the top managers at Pierre & Vacances Tourisme and the Group Finance Department and decides on the strategy to be followed by the Pierre & Vacances, Maeva, Résidences MGM and Hôtels Latitudes brands;
- the « **Board of Management** » and the « **Supervisory Board** » of Center Parcs Europe: since the headquarters of Center Parcs Europe is located in Rotterdam, these management bodies are obligatory under Dutch law. The Supervisory Board includes members that are not part of the Group;
- the **Property Development Committee**: this committee houses the managers of the property development and property marketing divisions and decides on expansion programmes, marketing and sales strategies for the programmes and various property sales formulas.

Further details on how the Board of Directors prepares and organises its work and on internal control procedures applied within the Group are set out in the Chairman's Report on Internal Control Procedures of the 2004/2005 Financial Report.



Executive Committee

From left to right:

Thierry Hellin

Deputy Chief Executive Officer,
Head of Legal, Human Resources,
Risk Management and General Services Departments

Patricia Damerval

Deputy Chief Executive Officer Finance

Martine Balouka

Chief Executive Officer of Pierre & Vacances Tourisme France

Gérard Brémond

Chairman and Chief Executive Officer

Antoine de Fombelle

Chief Executive Officer of Pierre & Vacances Développement

Isabelle de Wavrechin

Chief Executive Officer of Pierre & Vacances Conseil Immobilier

Christophe Jeannest

Chief Executive Officer of Center Parcs Europe

Board of Directors

Gérard Brémond

Chairman and Chief Executive Officer

Olivier Brémond

SA SITl

represented by Thierry Hellin

GB Développement

represented by Patricia Damerval

Michel Dupont

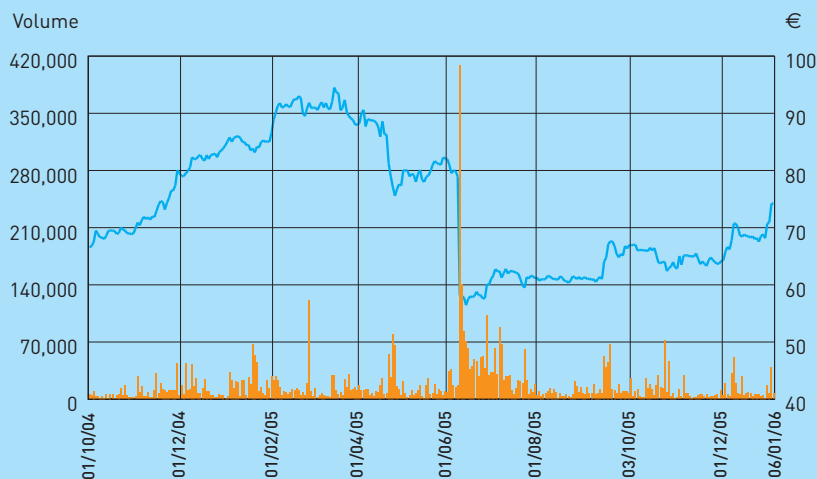
Sven Boinet

Marc R. Pasture

Ralf Corsten

Pierre & Vacances on the stock market

CHANGE IN SHARE PRICE SINCE OCTOBER 1ST 2004



Share price of **€74.20** on January 6th 2006
(+11.5% versus October 1st 2004).

CHANGE IN NET INCOME BEFORE
EXTRAORDINARY ITEMS
PER SHARE AND DIVIDEND
(IN €)



(1) Including tax credit.
(2) Extraordinary distribution of reserves per share.

After a period of growth up until March 2005, the Pierre & Vacances share price fell in June 2005 after the Group revised down its forecast for 2004/2005 net income before extraordinary items to €30 million due to the lack of recovery in European markets for French tourism and a decline in Dutch visitors to Center Parcs Europe. Since June 2005, the share has been trading in a range of €60-74.

Improved liquidity with average growth in trading volumes of 30% to €1.3 million a day over 2004/2005 versus 2003/2004.

PIERRE & VACANCES SHARE

Listing

Euronext Paris, Compartiment B
floated at €17 on June 11th 1999.

Indices

SBF120, CAC Mid 100, NextPrime.

Codes

Euroclear: 7304
ISIN: FR0000073041
Reuters: PVAC.PA
Bloomberg: VAC.FP

Market capitalisation

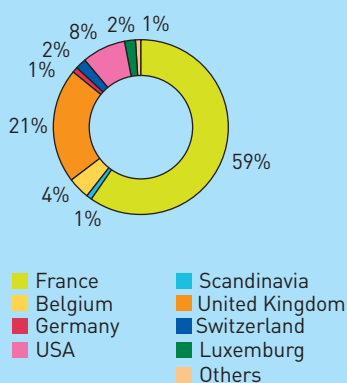
€651 million on January 6th 2006

As of December 31st 2005

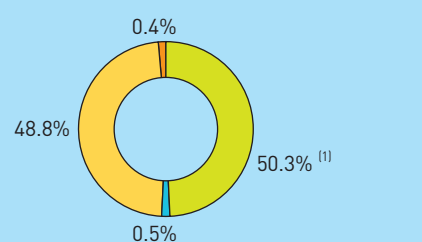
Number of shares in circulation: 8,772,598

Number of voting rights: 13,188,142

BREAKDOWN OF FREE FLOAT
BY COUNTRY



SHAREHOLDER STRUCTURE



(1) 66.8% of voting rights.

Shareholder information

Shareholder information policy

2005/2006 AGENDA

- 2005/2006 1st quarter turnover:
January 19th 2006.
- Annual General Meeting:
March 2nd 2006
- 2005/2006 2nd quarter turnover:
April 20th 2006.
- 2005/2006 1st half results:
June 8th 2006.
- 2005/2006 3rd quarter turnover:
July 20th 2006.
- 2005/2006 4th quarter turnover:
October 19th 2006.
- 2005/2006 full-year results:
December 7th 2006.

CONTACT

Claire Plais
Investor Relations Manager
11, rue de Cambrai – 75019 Paris – France
infofin@pierre-vacances.fr
Tel.: + 33 (0)1 58 21 53 72
Fax: + 33 (0)1 58 21 54 10

The Pierre & Vacances Group provides its shareholders and the financial community regular information on its businesses, strategy, brand, outlook and financial data. The Group's financial communication division maintains direct relations with and answers questions from institutional shareholders, individuals, journalists and financial analysts.

PUBLICATIONS

The Group makes all of its publications available to the public (including press releases, annual reports, annual and interim presentations, information notes), on simple request by telephone or e-mail. The Group Information section of the website www.pierre-vacances.fr also enables interested parties to download all of the Group's publications since its flotation, as well as the list of analysts who follow the Group and track the share price in real-time.

BOLSTERING MARKETING EVENTS FOR THE SHARE

During 2004/2005, the Pierre & Vacances Group stepped up efforts in terms of marketing to institutional investors. As such, during private meetings and roadshows (Paris, London, Madrid), the Group met almost 150 investors, 50% more than in 2003/2004. The Group also took part in the Next Event meeting organised by Euronext at the Palais Brongniart in Paris on September 19th and 20th.

QUALITY OF FINANCIAL INFORMATION

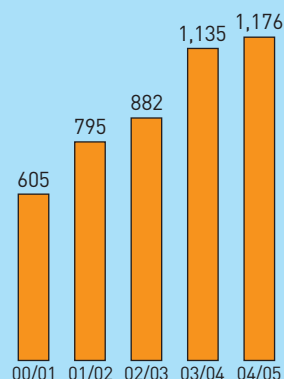
The financial community is paying increasing attention to financial transparency. In order to meet this need, Pierre & Vacances has chosen to belong to the NextPrime market segment, which is defined by Euronext and houses companies in the so-called "traditional" economic sectors. The segment was designed to welcome companies aiming to enhance their visibility with investors by pledging to respect financial communication rules in line with the best international standards.

Inclusion in the segment is voluntary and therefore depends directly on the company's own choices. The commitments made by the Pierre & Vacances Group in terms of financial communication are outlined in a bilateral agreement with Euronext and belonging to this segment is a seal of quality.

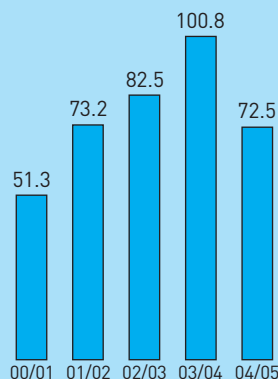


Key figures 2004/2005

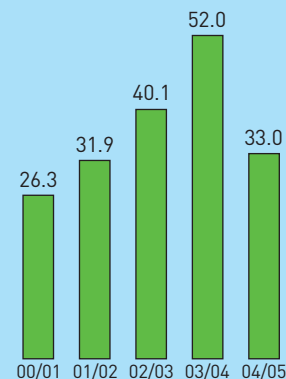
TURNOVER
(IN € MILLION)



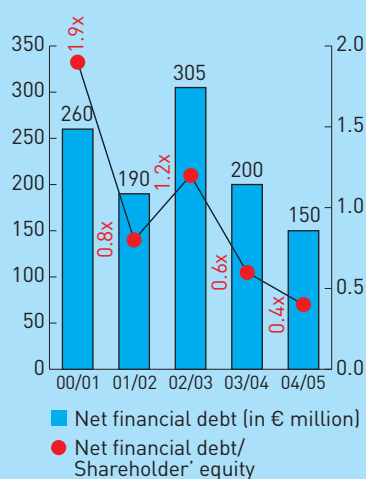
OPERATING PROFIT
(IN € MILLION)



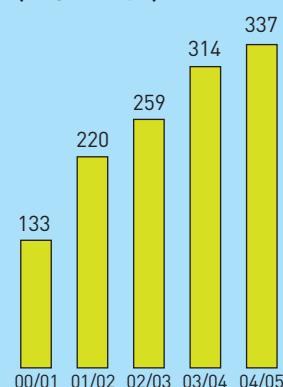
**ATTRIBUTABLE NET INCOME
BEFORE EXTRAORDINARY ITEMS**
(IN € MILLION)



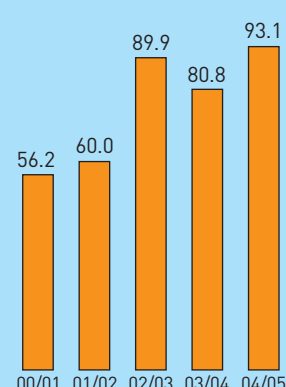
NET FINANCIAL DEBT
(IN € MILLION)



ATTRIBUTABLE SHAREHOLDERS' EQUITY
(IN € MILLION)



CASH FLOW
(IN € MILLION)



TOURISM PORTFOLIO MANAGED BY THE GROUP

Country	Number of apartments	Number of beds
FRANCE	34,660	160,794
BELGIUM	1,326	6,374
THE NETHERLANDS	5,121	26,055
GERMANY	2,247	10,836
ITALY AND SPAIN	1,530	6,473
TOTAL	44,884	210,532

Strategy

Growth model based on synergies from property development and tourism, a pan-European presence and complementary brands.

One priority: to build a high-quality portfolio of tourist destinations in Europe

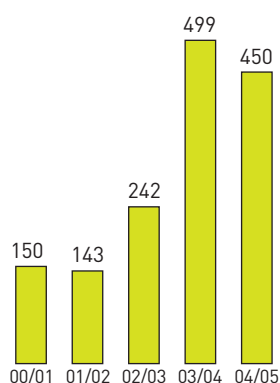
Pierre & Vacances Group is the European leader in holiday residences, with major positions in high-quality tourist locations which would now be impossible to penetrate. It owns 45,000 apartments and holiday homes, available for both long and short stays, in attractive, easily-accessible destinations in France, the Netherlands, Germany, Belgium, Italy and Spain.

The Group's growth model stands on two pillars: its expertise in tourist property development and its selective acquisitions policy.

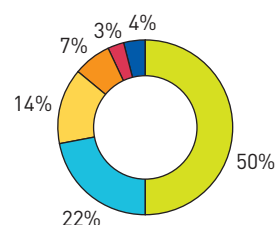
Faced with mounting competition in tourism, with the availability of new destinations, the Group's strategy has been to focus on:

- providing a secured tourist offering, short and long-stay options tailored to suit the way of life of European clients and à la carte tourist and sports activities;
- using its expertise in property development to continuously broaden and enhance its destination portfolio;
- adapting its distribution methods to keep up with shifts in tourism, notably given the rising popularity of Internet.

PROPERTY RESERVATIONS
(INCLUDING VAT) (IN € MILLION)

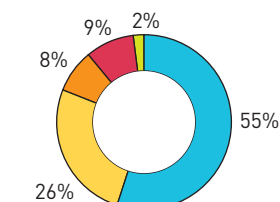


CUSTOMERS BY COUNTRY
OF ORIGIN



■ France
■ Germany
■ United Kingdom
■ The Netherlands
■ Belgium
■ Other countries

TOURISM TURNOVER
BY DESTINATION



■ France
■ The Netherlands
■ Belgium
■ Germany
■ Italy and Spain

The challenge now facing the Group is to mobilise its resources and expertise to improve operating performances, particularly in tourism, and pick up market share among well-informed European customers by extending its distribution channels to new EU member countries.

Striving for performance

The Group's tourism division was hit by unfavourable economic conditions in 2004/2005, after several years of robust earnings growth. Demand for Center Parcs holidays slumped in the Netherlands, as did foreign customers in France. Nevertheless, Pierre & Vacances managed to turn in €33 million in attributable net income before extraordinary items, thereby demonstrating the resilience of its business model, which is founded on two pillars:

- an optimum combination of two distinct, complementary business lines;
- an approach to expansion that limits risks and ensures profitability.

TWO BUSINESSES: TOURISM AND PROPERTY DEVELOPMENT – A PERFECT FIT

Pierre & Vacances Group is the only European operator whose tourist residence portfolio has been mainly built using its own expertise in property development. This unique combination shields the Group from cyclical fluctuations. In periods of economic growth, households spend more on tourism, whereas in downturns, investors turn to bricks and mortar, which are considered a safe haven.

UNIQUE FINANCING MODEL TO ENLARGE DESTINATION PORTFOLIO: SELLING PROPERTIES TO PRIVATE INVESTORS

Pierre & Vacances' expertise in property development enables it to add new destinations and renovate its residences on a regular basis. The Group does not retain ownership of the properties it builds and manages. These are sold on to individual investors, with whom the Group signs a renewable lease lasting an average of nine years and offers an annual net yield of 3.5% to 4.5%.

Most of its new residences and villages are located in rural areas, which are benefiting from increasing demand for green tourism and tax incentives for investors. The new Center Parcs villages in France are at the heart of this strategy.

The renovation of existing residences, which the Group buys from institutional investors and sells on to individual investors, enables Pierre & Vacances to tailor its offer to meet changing customer expectations. For instance, in the last four financial years, the Group has renovated more than 3,000 of its



Pierre & Vacances, Maeva and Hôtels Latitudes apartments, totalling €110 million of investment, all of which funded by individual investors.

ACQUISITIONS: STEPPING UP THE PACE OF EXPANSION

Pierre & Vacances Group has also shored up its presence in France, by successively acquiring Orion Vacances, Maeva, and Résidences MGM, and has taken the lead in Europe in the short-break market by buying Center Parcs in continental Europe. The Group is pushing ahead with this selective acquisitions drive, which, combined with the purchase of properties from institutional and private investors, has boosted the Group's market share in popular destinations.

A GROUP WITH INTERNATIONAL REACH

In 2004/2005, Pierre & Vacances Group derived 45% of its tourism revenues from locations outside France. At the property development arm, the construction of the Group's first ever residence in Spain and the marketing of large projects such as the Paris Tour Eiffel residence, have diversified the geographic origins of the investors involved (English, Irish and Spanish).

Outside France, most of the Center Parcs Villages are located in the Netherlands, Germany and Belgium. The Group also has tourist sites in Italy and, since the summer of 2005, Spain, where it opened the Bonmont residence in Catalonia. The Group is aiming to have nearly 5,000 apartments in Spain by 2009, helped by its expertise in new and renovated property development and acquisitions.

Seeking out fresh growth sources

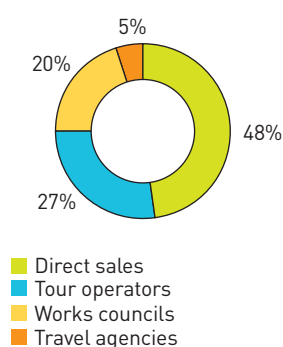
Pierre & Vacances Group's strategy of finding new sources of growth primarily aims to boost operating performances in tourism by lifting top-line growth and lowering break-even point. To this end, a series of action plans have been launched, first for the Center Parcs Europe business, at the end of 2004, and subsequently for the Pierre & Vacances, Maeva, Résidences MGM and Hôtels Latitudes brands, in July 2005.

The sales and marketing efforts undertaken are expected to generate sales growth in 2005/2006. The cost savings (estimated at €7 million for the Pierre & Vacances, Maeva, Résidences MGM, and Hôtels Latitudes brands and at €15 million for Center Parcs Europe) are expected to exceed the inflation-linked increases in the Group's fixed costs. The property business is still turning in substantial revenues. In addition to guaranteeing future margins, the €450 million (including VAT) in gross revenue from reservations taken in 2004/2005 will ensure the Group has the means to ensure a quantitative and qualitative improvement in its holiday residence portfolio.



Pierre & Vacances, Maeva, Résidences MGM, Hôtels Latitudes

PIERRE & VACANCES / MAEVA /
RÉSIDENCES MGM / HÔTELS LATITUDES:
2004/2005 TURNOVER BY DISTRIBUTION
CHANNEL



Pierre & Vacances City: aiming to open 20 new urban residences within the next five to seven years

At present, the Group's urban offering is composed of 15 Pierre & Vacances City (3/4*), of which 8 in Paris and 2 in Rome, and 29 urban residences under the Citea brand (2*).

The Group is looking to beef up its presence in the outstanding city residences segment, with the aim of opening 20 Pierre & Vacances City, located in the French regional capitals (Strasbourg, Lyon, etc.) and European cities (Brussels, Barcelona, etc.), within the next five to seven years.

City residences are fully-equipped apartments offering à la carte hotel services. They are competitively priced relative to hotels and generate hefty margins thanks to their high occupancy rates (over 70% all year round) – the result of having a complementary range of clients (long-stay business clients and short-stay tourists).

THE STRATEGIC CHALLENGES OF EXPANDING ABROAD

A large majority of non-French customers using the Pierre & Vacances, Maeva, Résidences MGM and Hôtels Latitudes' brands book via indirect distribution channels, and particularly tour operators. The Group therefore hopes to step up direct sales to those customers, notably by strengthening its Internet operations and exploiting synergies with Center Parcs Europe.

The potential for synergies between Center Parcs Europe and the Pierre & Vacances, Maeva, Résidences MGM and Hôtels Latitudes brands is indeed enormous, given their very similar customer profiles, complementary concepts and shared customer origins. Center Parcs' expertise in marketing and sales is to be used to increase direct sales of the French tourism business' products to markets in northern Europe, via cross-marketing and cross-selling efforts. Joint sales teams were set up in Germany and the Netherlands in 2004/2005. Joint talks with certain partners in Germany, Belgium and the Netherlands, and the addition of dynamic links on each of the brands' websites will round out this effort. The Group hopes to simultaneously boost revenues from foreign customers by grouping its brands when addressing the largest European tour operators and strengthening ties with on-line distributors.

STRENGTHENING ON-LINE SALES

Pierre & Vacances is striving to become the leading name in French holiday rentals for foreign tourists. In 2004/2005, the Group added German and Dutch-language websites to its existing French and English-language sites. Spanish and Italian versions are to be added in 2005/2006, as will a multi-brand portal enabling cross-selling between Group brands and providing a new source of revenue. Internet bookings are expected to account for 17% of accommodation turnover in 2006/2007, up from 7% in 2004/2005.

IMPROVEMENTS IN PRICING POLICY, YIELD AND DIRECT MARKETING

The Group's pricing policy is to be optimised by exploiting price elasticity opportunities (repositioning seasons, different prices according to apartment type, etc.). Similarly, steps will be taken to rationalise and assess the content and processes involved in the Group's special offers, with the introduction of a new performance measurement system. The Group hopes that by strengthening its direct marketing operations – notably via Internet – and overhauling the content of its loyalty programmes, it will be able to seduce new customers and secure their loyalty.

ON SITE SALES

This means giving holiday site managers a more active role in promoting short-stay holidays (generally located less than 200km from the customer's home), increasing the number of seminars held (a means of boosting off-season occupancy rates), and lifting sales of other activities (leasing skiing equipment, thalassotherapy centres, catering, etc.).

LOWERING THE BREAK-EVEN POINT

Efforts to cut costs are to involve:

- enhancing the Group's purchasing policy: extension of the global purchasing scope to an annual €190 million in volumes, review of purchasing specifications, and opening up to new markets, such as China;
- reducing operating expenses (savings on energy) and marketing costs (by focusing spending on the most effective channels, publishing less brochures, and simplifying the sales administration process), and optimising head office operations.

Center Parcs Europe

REPOSITIONING THE BRAND AND ENHANCING THE SERVICE RANGE

As of the start of 2006, the villages are to be housed under a single brand – Center Parcs – and will be ranked in three standards according to the quality of the environment, the sports and leisure equipment available, and the cottages themselves.

The range of leisure activities on offer is to be enhanced on a customer segment basis (teenagers, families, senior citizens) and along specific themes. The choice of activities available will vary according to the village's ranking, thus improving market coverage.

BOOSTING ON-LINE SALES

Center Parcs Europe is due to launch a new website in the first quarter of 2006. The reservation system is to be simplified and customers will be able to download 360-degree tours of all the villages on offer and plan their stay on line. Efforts to bolster the Group's communications policy (viral and e-mail marketing campaigns, corporate advertising) and to increase the traffic (affiliates, key words, etc.) should ensure the Group meets its target of deriving 25% of accommodation turnover from on-line sales by 2006/2007 (up from 17% in 2004/2005).

EXTENDING DISTRIBUTION CHANNELS

Center Parcs Europe is taking active steps to mount strategic partnerships with e-tourism groups and well-known brands in Europe (Dutch Premier Football League, Ikea, Felicitas, etc.). The business has also stepped up sales efforts in the business customer segment and in new geographic regions (Scandinavia, Central Europe).

OVERHAULING THE PROMOTIONAL OFFER

The main goals of Center Parcs Europe's pricing policy are to simplify price rates, lower catalogue prices during specific periods in the Netherlands, so as to boost occupancy rates, offer attractive conditions for early booking namely "early bird", and restrict the number of last minute deals. The Group is also planning to implement a revenue management application in the second quarter of 2006 to help it optimise pricing decisions.

LOWERING THE BREAK-EVEN POINT

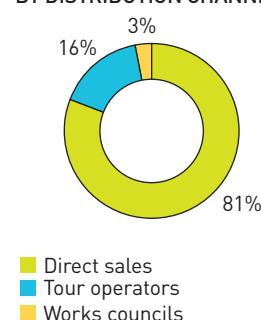
Center Parcs Europe expects to make sizeable cost savings via:

- the ongoing effort to streamline support services, notably by pooling maintenance, logistics and back-office staff into country-based teams;
- altering processes to make production more flexible: revision of maintenance schedules, holidays, cleaning procedures and the upkeep of open spaces;
- cutting back on media expenses (agencies, electronic publishing);
- extending its purchasing policy to include diverse maintenance, consumables and equipment costs.

New Center Parcs villages to be developed in Europe

The property development division has two village development projects underway in France. Construction of the first village began in September 2005. Located at the Lac d'Ailette in the Aisne, Picardy region, the village will house 840 cottages and is scheduled to open in the summer of 2007. A second, similar-sized project, located in the Moselle region on the German border, is intended to attract mostly German customers. The land and central facilities (reception and leisure equipment) are partly financed by public funds. The cottages are sold to individual investors under the Group's standard property sales formula, such that Center Parcs retains ownership of the lease and commercial rights.

CENTER PARCS EUROPE 2004/2005
TURNOVER
BY DISTRIBUTION CHANNEL



Tourism



PIERRE & VACANCES

PIERRE & VACANCES CITY

MAEVA

RÉSIDENCES MGM

HÔTELS LATITUDES

CENTER PARCS



The Pierre & Vacances Group's tourism offering is made up of six complementary brands.



OVERVIEW

Activity

Rental of fully-equipped homes and apartments in residences (68%) or villages (32%).

Location of sites at September 30th 2005

- France: 93
(54 seaside, 26 mountain, 13 city);
- French West Indies: 2
(Guadeloupe and Martinique);
- Italy: 10;
- Spain: 1.

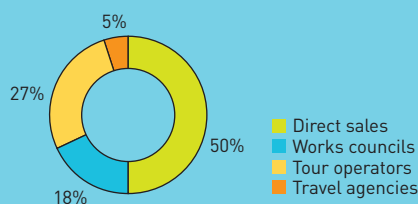
Pierre & Vacances

"Holidays with a family spirit"

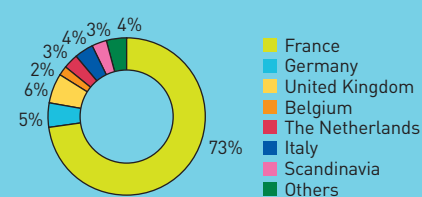
Freedom, requirements, safety, service and pleasure.



TURNOVER BY DISTRIBUTION CHANNEL



CUSTOMERS BY COUNTRY OF ORIGIN



106 sites 20,900 apartments and holiday homes, 105,600 beds 1,601,500 customers

Pierre & Vacances is both the Group's original brand and its top-end brand, offering breaks in all its holiday residences and villages, together with "à la carte" services.

PIERRE & VACANCES, A CONSTANT AIM TO INNOVATE

New residences

In 2004/2005, Pierre & Vacances opened six new residences: two in mountain regions (Vars and Valloire) and four on coastal regions (Saint-Jean-Pied-de-Port, Bonmont in Spain, Elba and Massa Marittima in Italy).

Renovations

During 2004/2005, six mountain residences were renovated (Le Quartz and Le Thémis at Belle Plagne, Saskia 1 at Avoriaz, Le Thuria at Arc 1800 and Cuzco and Le Tikal at Val Thorens), as were five seaside residences (Moliets, Port Bourgenay, Perros-Guirec, Le Touquet and Branville).

Five new residences were opened for the 2005/2006 winter season: La Mongie, Flaine, Les Coches and Arc 1800 (Le Belmont and Le Ruitor).

New services

Since summer 2005 for seaside and country destinations and since winter 2005/2006 for mountain destinations, rental prices now include supply of sheets, towels, cleaning equipment and a television.

The Premium formula in place since summer 2005 for seaside and country destinations including beds made on arrival, towel renewal and mid-week cleaning services, has also been available at mountain destinations since winter 2005/2006.

THEME STAYS

Short stays

Pierre & Vacances offers short breaks in all of its holiday residences and villages with arrival times of 10 am at mountain resorts and 2 pm at seaside resorts.

"Discovery passes"

"Discovery passes" were created this winter and are available in the Port du Crouesty, Belle Dune, Cap Esterel and Pont Royal villages. These include two-night stays plus two half-day excursions (trips, golf, thalasso, etc.) and breakfast.

Mini-cures

Started in winter 2004/2005, Pierre & Vacances offers mini-cures in thalassotherapy and balneotherapy over two or three days.

Long stays

Seaside destinations welcome holidaymakers over three/four or more weeks for excellent prices.

DESIGNED FOR CHILDREN AND TEENAGERS IN HOLIDAY VILLAGES

– Children's clubs for 3-18-year olds are run by qualified staff with activities adapted to each age group.

– "Discovery" clubs provide an initiation for 6-12-year olds in a choice of sporting and artistic activities (golf, multimedia, martial arts, magic...).

– For the summer 2005 season, Pierre & Vacances created a new meeting point for teenagers at Cap Esterel, Pont-Royal in Provence and Lacanau named "Le Spot", providing them with a new meeting place, with the possibility of playing video games, wall drawing/painting and equipment for listening to music or watching a DVD...

Pierre & Vacances
CITY

Luxury residences in city centres

Freedom, service, independence, quality

Pierre & Vacances City provides fully equipped apartment hotels that are ready to live in, and located near to major events and town centres.

With three and four star apartments and "à la carte hotel" services, Pierre & Vacances City is an excellent alternative to a classic hotel offering, especially for long stays by corporate customers.

In 2005/2006, the Pierre & Vacances City offering has 15 residences, nine of which in Paris, two in Aix-en-Provence, one in Marseille, one in Monaco and two in Italy (Rome).



In 2004/2005

6 new residences:
2 mountain and 4 sea

11 renovated residences:
5 sea and 6 mountain



OVERVIEW

Activity

Rental of equipped apartments ranging from studio flats to three-room apartments located in the centre of or near major tourist stations and close to sporting events and local leisure activities.

Location of sites at September 30th 2005

- mountain: 67 residences;
- seaside: 87 residences;
- spain: 12 residences.

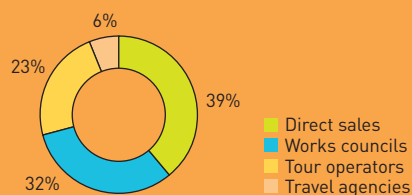
maeva

“Holidays at handy prices”

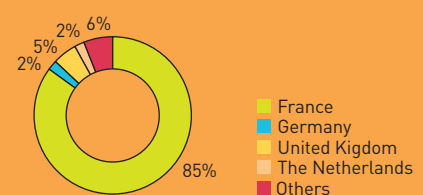
Friendly, simple, shared experiences and handy prices.



TURNOVER BY DISTRIBUTION CHANNEL



CUSTOMERS BY COUNTRY OF ORIGIN



166 residences 14,600 apartments and holiday homes 69,140 beds 1,441,800 customers

MAEVA, A FRIENDLY CONCEPT

Maeva offers accommodation in holiday residences for stays combining relaxation and conviviality as well as a large choice of seaside and mountain resorts. The residences are all ideally located either in the centre of or close to major French tourist stations, thereby offering access to a large choice of events, activities and discoveries.

Maeva is a means of spending holidays independently via a simple rental, while benefiting from "à la carte" hotel services.

MAEVA "SMART PLANS"

For summer 2005, Maeva launched the "Maeva+" programme which is set to be repeated in summer 2006 and offers reductions ranging from 10-25% and/or benefits concerning numerous leisure activities on sale at the Maeva sites.

In winter 2004/2005, the "handy price" concept was rolled out in various services including:

- Accommodation:
 - A premium for early booking of 5-10% for all reservations made two/three months prior to the departure date.
 - A "tribe" offer enabling increasing reductions depending on the number of studios reserved for any seven-night stay in mountain resorts at defined periods.
- Ski-lifts: reductions of €10-50 on pre-sale packages, even during the school holidays.
- Catering services with the new "P'tit appétit" formula.
- The "comfort+" formula including beds made on arrival, towels, cleaning kit, television and a cleaning service at the end of the holiday, offered a 30% reduction for children and 20% for short stays.

"À LA CARTE" SERVICES

- Children's clubs;
- ski lessons;
- ski-lift passes;
- ski equipment rental;
- catering formulas.

At seaside resorts:

- thalassotherapy and balneotherapy;
- golf, tennis and riding lessons.

MAEVA: FLEXIBLE HOLIDAY SOLUTIONS

Maeva offers short-stay formulas (minimum of two nights and to all destinations) as well as longer holidays offerings reductions after two consecutive weeks of stay.

NEW AT MAEVA

Summer 2005 and winter 2005/2006

New destinations:

- one in the country: Jonzac in Charente-Maritime;
- in mountain regions, three new residences: Vaujany, l'Alpe-d'Huez and Les Coches;
- six in Spain: Tossa de Mar, l'Estartit, Blanès, La Pineda de Salou, Ampolla, Alcoceber.

Renovations:

- one seaside residence: Valescure;
- two mountain residences: Plagne-Lauze and Les Deux-Alpes.

Summer 2006

New destinations:

- four seaside: Château d'Olonne, Villefranche-sur-Mer, Cannes-Verrerie, Marina-Baie-des-Anges;
- two in Spain: El Perello and Playa de Aro.

Renovations:

- Deauville and Juan-les-Pins.



In 2005/2006

10 new destinations

3 renovated residences:
1 sea and 2 mountain.



OVERVIEW

Activity

Rental of apartments, ranging from two rooms for three people to five rooms for 10/11 people in prestige residences.

Location of sites on September 30th 2005

10 destinations: Chamonix, Les Carroz-d'Arâches, les Houches, Arc 1800, Aime-La-Plagne, Tignes-Val-Claret, Pralognan-La-Vanoise, Méribel Village, Les Menuires and Val d'Isère.



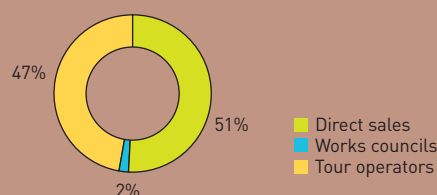
RESIDENCES
MGM

“Residences MGM reinvent holidays in the mountain”

Prestige, authenticity, quality, exclusivity, space and well-being.



TURNOVER
BY DISTRIBUTION CHANNEL



PRESTIGIOUS SURROUNDINGS OF RESIDENCES MGM

Résidences MGM are authentic, cosy holiday apartments located in the most prestigious mountain resorts in the French Alps (Savoy and Haute-Savoy).

The residences have been built using natural, high-quality materials from traditional Savoy architecture and are perfectly integrated into the surrounding environment. The apartments are spacious and luxurious and have been equipped and decorated in the same spirit.

The residences are grouped in small units and house an average of 80 apartments.

Within their exceptional setting, the leisure residences also invite visitors to relax at various top-quality leisure facilities including indoor heated swimming pools, fitness centres, saunas, hammams and relaxation rooms.

QUALITY SERVICES

Résidences MGM guarantees a high level of services by offering numerous pre-reservation possibilities:

- ski-lift passes (to be collected the day after arrival at reception);
- rental of ski equipment (the website www.skisetsize.com enables reservation of ski equipment from Résidences MGM and to have the equipment available on arrival);
- group ski lessons with the ESF (French skiing school).

“WELL-BEING” CONCEPT ENHANCED FOR THE 2005/2006 SEASON

Résidences MGM has implemented a new “relaxation” concept (available at Carroz-d'Arâches, Chamonix, Arc 1800, Aime-La-Plagne, Méribel and Les Ménuires) including

massages/body sculpting as well as free access to relaxation rooms.

The personal comfort and relaxation facilities such as hammam, sauna, fitness centre and swimming pool are included in the rental price and are available on an unlimited basis.

Tailor-made stays

Résidences MGM also offer customised holidays at the majority of its locations, with short stays and “à la carte” stays meaning customers can reserve at the last minute and arrive whenever they like. For short stays, time schedules are simplified with visitors able to arrive as of 2 pm and return keys at midday.



OVERVIEW

Activity

Three and four star hotels located at seaside and mountain resorts or city centres.

Location of sites on September 30th 2005

5 mountain hotels: Arc 1800 (Hôtel du Golf and Charmettoger), Les Menuires, Méribel and Val d'Isère.

6 seaside hotels: Pornichet, Deauville, Trouville, Île de Bendor, Grimaud and Valescure.

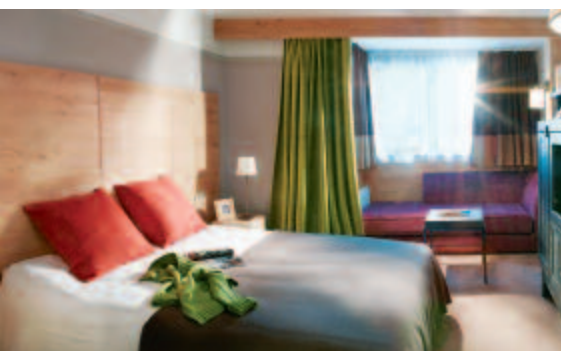
1 city centre: Toulouse.



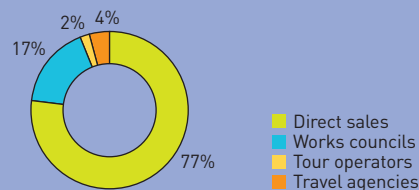
latitudes
HOTELS

"Hotels just the way you like them"

Standing, diversity, comfort, relaxation and flexibility.



TURNOVER
BY DISTRIBUTION CHANNEL



HOLIDAYS WITH TOTAL FREEDOM

The hotels are located at the heart of holiday resorts and offer spacious, comfortable and modern rooms, decorated harmoniously in the local style, and also including a balcony or terrace.

HOTEL SERVICES

The brand stands out for its association of hotel services:

- relaxation: lounge, piano-bar, terrace;
- typical regional catering;
- integrated leisure facilities: swimming pool, sauna, fitness centre;
- around-the-clock reception;
- "à la carte" leisure activities.

In mountain resorts, Hôtels Latitudes offers pre-reservation services when booking the

room such as ski-lift passes, equipment and group ski lessons at attractive rates. Hotels in seaside resorts and towns offer thalassotherapy cures and golf lessons among other things.

TAILOR-MADE BUSINESS FACILITIES

Whatever the season, Hôtels Latitudes offers facilities for business clients wishing to host conferences, seminars and incentive breaks for 10-300 people. With adapted infrastructure, extensive accommodation and catering capacity, sports equipment and an integrated framework, the global turn-key offering means customers can associate working sessions with leisure activities.

MAJOR EVENT: RENOVATION OF HOTELS AT VAL D'ISÈRE AND ARC 1800

Hôtel Latitudes Val d'Isère

Located in the heart of the old village, the Hôtel Latitudes "l'Aigle des Neiges" has been fully renovated in the typical Savoy style, in stone and wood with slate roofs. The hotel boasts the largest accommodation capacity at the station with 106 rooms. Relaxation and leisure facilities are numerous and include a fitness centre, a sun terrace, sauna, Jacuzzi and three restaurants.

Hôtel du Golf at Arc 1800

Opposite the Mont Blanc, the "Hôtel du Golf" is one of the most beautiful hotels in Savoy and benefits from an outstanding location in the heart of Arc 1800. The hotel has been fully renovated and boasts 230 rooms, four restaurants, a ski-room and a nightclub.



OVERVIEW

Activity

Cottage rentals for four/eight people in the heart of woodland villages with numerous sports and leisure facilities.

Location of villages

The Netherlands: 8; France: 2; Belgium: 2; Germany: 4.

Three cottage categories

Economy, DeLuxe, VIP.

Village types

The villages fall into three categories primarily differing in terms of equipment diversity and the services available.

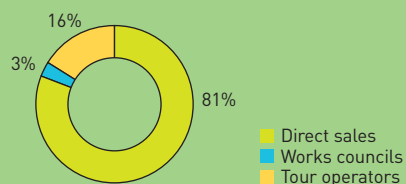


“Enjoy good times, all year round”

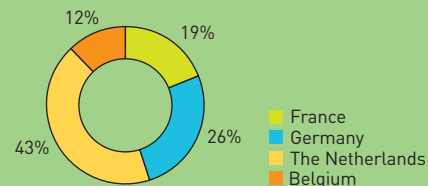
Specialist in short breaks in the country.



TURNOVER BY DISTRIBUTION CHANNEL



CUSTOMERS BY COUNTRY OF ORIGIN



16 villages, 10,130 cottages, 50,820 beds, 3,096,500 customers

MARKET LEADER IN SHORT BREAKS IN NORTHERN EUROPE

Center Parcs was created in 1968 in the Netherlands and its concept remains unrivalled in Europe:

“In rural and lakeland settings, relaxation among family and friends, focused on well-being and nature, an escape from the stress of city life all year round, but close enough to home for a short break.”

Center Parcs Europe's strategy is based on the development of villages close to catchment areas with more than 5 million inhabitants in the Netherlands, Germany, Belgium and France. Occupancy rates are extremely high at 80% on average over the year.

THE SUCCESS OF THE CENTER PARCS CONCEPT IS BASED ON FIVE FUNDAMENTAL FACTORS

Nature

The Center Parcs villages are located in the heart of woodland areas in Europe's most beautiful regions, away from all pollution, with visitors only allowed to circulate on foot or on bicycle.

Cottages

Cosy and convivial, the cottages are on one level and are perfectly integrated into the surrounding nature. They sleep four, six or eight people and three categories are offered: Economy, DeLuxe and VIP.

Aqua Mundo

Indoor swimming complexes of 4,500m². Beneath a vast transparent dome and set in a tropical decor, the complex includes a wave pool, a water play area, slides, jacuzzi, solarium and a “wild river”, and is heated all year round at 29°C.

Activities

Numerous “à la carte” sports and leisure activities are offered: outdoor activities (tennis, golf, horse riding, climbing adventure course, etc.) and indoor activities (bowling, squash, ping-pong, badminton, etc.). In the majority of its villages, Center Parcs also has a fitness centre or Aqua Sana (balneotherapy) as well as a sauna-hammam.

Proximity

The Center Parcs villages are easy to access and are located at less than two hours' travelling time by road from major towns. This proximity is also found in the simplicity and rapidity of reserving either a weekend, a mid-week or a week long break, via the call centre or Internet.

MAIN EXPECTATIONS OF CENTER PARCS CUSTOMERS

- A family-home environment and “flavour”;
- an increasing need to be in the country;
- love of the land and authenticity;
- the need to be together as a family and reconnect with loved ones;
- the desire to live new sensory experiences;
- the need to stay close to other generations rather than separate from them;
- the desire for simplicity.



Property & development





The property development business aims to extend the Group's range of tourist destinations and adapt the existing portfolio of residences to changes in customer expectations.

Extending and renewing the tourism offering

In 2004/2005, the property development business benefited from the buoyant property market, generating turnover of €224.3 million, up 11.3% on the previous year.

Over the year, property reservations totalled €450 million including VAT, 53% of which in renovation programmes.

As such, the Group boasts both a sizeable source of property margins for coming years and the guarantee of further expansion and upgrading of the portfolio of holiday residences.

FROM PROPERTY DESIGN TO MARKETING - A TEAM EFFORT

The Group aims to meet the expectations of tourism property clients via its apartments and homes and the quality of the locations chosen, as well as its expertise in architecture, decoration, landscaping and leisure facilities. Before projects are launched, the tourism and property development teams work together on programming residences and villages and this teamwork is an inherent part of the Pierre & Vacances business model.

RENOVATION WORK, A SIZEABLE SOURCE OF FRESH GROWTH

The Group's renovation programmes consist of acquiring residences, whether operated by the Group or not, from institutional investors and then selling them on to individual investors once renovated.

This process is a means of upgrading the quality of the Group's portfolio and, in the case of residences not operated by the Group, of increasing the tourist offering in regions where land is scarce, while maintaining a modest rental charge.

These operations have shorter cycles than new property operations. In addition, the financial cost of acquiring the buildings is made up for on a Group scale by the earnings generated from operating the residences prior to renovation.

Property development policy

The property development activity has two main divisions:

- Pierre & Vacances Développement (PVD), which designs the projects and provides project management services for their construction;
- Pierre & Vacances Conseil Immobilier (PVCi), which finds private investors for the new or renovated apartments and holiday homes.

PROPERTY DEVELOPMENT: SERVING TOURISM

Design and project management

Pierre & Vacances Développement oversees all stages of property development from the selection of sites to the delivery of turnkey facilities to investors and site operators in the tourism division.

Integrating this property expertise presents a double advantage for the Group: it helps generate a new tourism offering, adapted in terms of both design and destination to new expectations of European holidaymakers. This expertise also helps guarantee consistency of products for each brand as well as quality standards.

PVD carries out its projects with a team of 21 development directors/managers and project managers. These highly-experienced professionals are a pledge of the success of the numerous property programmes entrusted to them.

Project management fees total 5% before VAT of the selling price including VAT on property development in new residences and 3% on renovation programmes.

Sales force

Pierre & Vacances Conseil Immobilier has a network of approximately 80 exclusive property advisers who are registered estate agents in France, the UK and Spain.

The presence of these in-house professionals provides a significant edge in terms of efficiency and control of the property development sales policy as well as promotion of the Group's brand image to investors.

They are backed by marketing and product teams.

The back office and sales administration teams actively assist property advisers in project follow-up and customer relations services.

PVCI also uses independent advisers including specialised organisations, banks and financial advisers, who include Pierre & Vacances property in their range of property investment products.

PVCI's fees vary from 8-13% before VAT of the selling price including VAT, depending on the programme.

Finally, at the request of owners, PVCI's property teams offer sales expertise and services. In 2004/2005, the Group assisted 170 owners in the sale of their property.

Flagship projects

Flagship projects during last year progressed on schedule. Once definitive permission was obtained, work started on the new Center Parcs village "Domaine du Lac d'Ailette" in Aisne (840 cottages) on November 15th 2005. Marketing for the village is now virtually complete.

A second Center Parcs village in France's Moselle region is also being studied.

LARGE-SCALE RENOVATION PROJECT: LE ROURET

In 2004/2005, Pierre & Vacances Développement undertook the entire reconstruction of Le Rouret village in Ardèche. The village was built during the 1970s and the Group became owner of it when it acquired Maeva. The village had a hotel and houses of modest quality. These have now been demolished and replaced by a new project for homes built in the form of an amphitheatre, in the heart of woodland and housing a massive aqua-park with a wild river, as well as shops and sporting and leisure facilities. The hotel has been fully renovated and transformed into a residence.

BOLSTERING THE PIERRE & VACANCES CITY OFFERING

Renovation work on the Paris Tour Eiffel residence started in September 2005. The residence is located in Paris' 15th arrondissement opposite the Seine and close to the Eiffel Tower and is set to house 375 apartments following a major renovation programme. The project stands out for its modern architecture, contemporary and cosy interior design as well as high-quality facilities and services.

The Group expanded its upscale offering in Paris last year by marketing Paris Tour Eiffel and a residence on the boulevard Haussmann with 53 apartments. This important step is in line with the Group's strategy to expand urban residences and is to be partly underpinned by partnerships with property developers in the Paris region, as well as the main French regional towns and European capitals.



Spain, a priority development focus

The first residence to be developed by the Pierre & Vacances Group in Spain was delivered for tourism management at the beginning of the 2005 summer at the Bonmont Golf course, close to Barcelona. In addition, a Pierre & Vacances village, Terrazas Costa del Sol, located 50 km from Marbella and comprising 328 apartments, is currently being marketed off-plan. Other developments are being considered to bolster the Group's presence in Spain.

Principles behind Pierre & Vacances' property development business

COMPLIANCE WITH STRICT PRUDENTIAL RULES

- Before all land purchases, the Group obtains the official permits required and ensures that the land is free of charges. As such, it only commits itself to paying the fees required for planning permission application.
- New residences are sold off-plan at the design stage for delivery on completion. Construction only begins once at least 50% of the apartments have been sold.
- The Group provides purchasers a guarantee of completion endorsed by a bank, enabling the signing of deeds at a notary before building work is completed and the collection of funds for new programmes, according to a standard timetable: 5% on reservation, 29% at the

signing of deeds, 33% when foundations are laid, 17% on completion of internal walls. The remaining 16% corresponds to the VAT refund.

MAIN SALES FORMULAS FOR NEW OR RENOVATED APARTMENTS

- **Ownership plus holidays**, offering the possibility to combine guaranteed revenues net of charges (excluding property tax) with personal use of the property.
- **Financial ownership** providing the investor an annual rental income over a nine-year leaseback period.

OWNERS ENJOYING PREFERENTIAL STATUS WITHIN THE GROUP

Owners can access the Pierre & Vacances holiday exchange and benefit from rate reductions on intra-group holidays and special privileges at all sites.

The degree of satisfaction of these investors is reflected in the high lease-renewal rate and the number of new investors they refer to the Group.

Finally, the owner is free from all financial constraints and investment management responsibilities since the Group takes care of maintenance and management of the property for the duration of the leaseback period.



TAX BENEFITS FOR BUY-TO-LET INVESTMENTS

VAT recovered by investors

Investors who buy an apartment in a holiday residence and entrust management of the property to a single operator can reclaim the VAT paid on condition that the property is classified, used as tourist accommodation, subject to a minimum lease agreement of nine years and marketed abroad.

The investor pays only the selling price before VAT and Pierre & Vacances guarantees the payment and recovery of VAT.

Four tax possibilities

1

NON-COMMERCIAL FURNISHED PROPERTY LESSOR

Notary expenses, property tax, amortisation of the property and of furniture can be deducted from rental income.

2

COMMERCIAL FURNISHED PROPERTY LESSOR

This tax status enables investors to create or develop an asset portfolio via regular savings, rental income and tax savings generated by the tax status, or to receive guaranteed regular income, as long as they are registered as a company and have minimum annual revenues of €23,000 including VAT. In both cases, investors benefit from tax breaks in terms of wealth, capital gains and inheritance tax as well as long-term income tax.

3

THE “RURAL RENEWAL ZONE” INITIATIVE

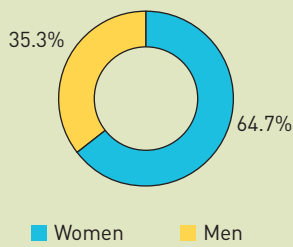
Provides investors a tax break of 25% on the acquisition price excluding VAT, capped at €100,000 for a married couple. The tax break is guaranteed irrespective of the amount of tax paid by the investor.

4

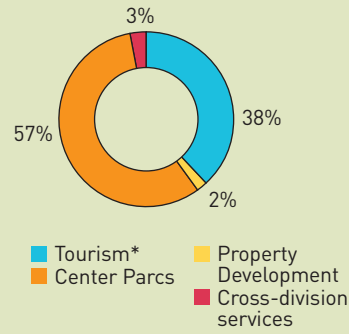
THE PROPERTY INVESTMENT LOSS

generated by renovation programmes can be offset under certain conditions against overall revenues and thereby prompt additional tax savings as well as the possibility of reclaiming VAT paid on both the acquisition of the property to be renovated and on the actual renovation work itself.

BREAKDOWN WOMEN/MEN

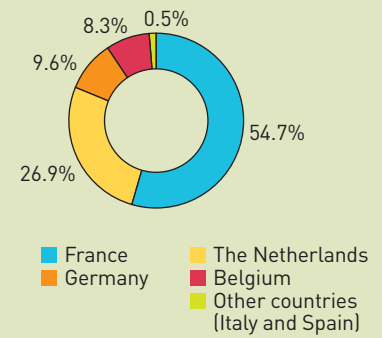


HEADCOUNT BY ENTITY

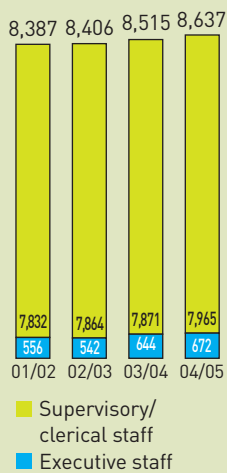


* Pierre & Vacances, Maeva, Résidences MGM, Hôtels Latitudes.

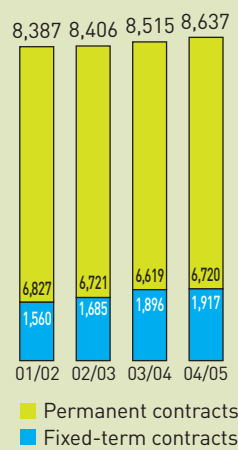
HEADCOUNT BY COUNTRY



HEADCOUNT BY CATEGORY



TOTAL HEADCOUNT



AVERAGE MONTHLY GROSS SALARIES

Executive staff

3,410 €

Non-executive staff

1,885 €

Average

2,020 €

MAIN ENVIRONMENTAL INDICATORS

	No. of sites included in reporting			Electricity consumption (MWh)			Electricity consumption per night stay (kWh/night stay)		
	2003	2004	2005	2003	2004	2005	2003	2004	2005
Pierre & Vacances	71	87	90	84,375	87,976	96,512	35	34	35
Maeva	63	80	78	35,180	41,969	42,899	32	33	36
Résidences MGM	N/A	11	11	N/A	4,184	4,977	N/A	34	36
Center Parcs	15	15	15	102,023	102,440	100,863	7.55*	7.92*	8.04*

* Energy consumption at Center Parcs (100% acquired by Pierre & Vacances in 2004) is traditionally measured in kWh/occupant (one night stay is generally considered to include four occupants).

	No. of sites included in reporting			Water consumption (000' m³)			Water consumption by night stay (m³/night stay)		
	2003	2004	2005	2003	2004	2005	2003	2004	2005
Pierre & Vacances	51	57	57	918	1,244	1,147	0.602	0.705	0.678
Maeva	56	63	61	724	664	476	0.774	0.660	0.540
Résidences MGM	N/A	11	11	N/A	77	87	N/A	0.629	0.643
Center Parcs	15	15	15	2,486	2,560	2,408	0.184*	0.198*	0.192*

* Energy consumption at Center Parcs (100% acquired by Pierre & Vacances in 2004) is traditionally measured in kWh/occupant (one night stay is generally considered to include four occupants).

Sustainable development

Making sustainable development an integral part of the way we do business has become an imperative for tourism operators and an obligation for major market leaders.

Indeed, the boom in one of the world's biggest industries has an impact in various fields such as the environment, local economies and employment. More specifically, since tourism operators encourage and manage large scale flows of population, it is in their interest to control all the consequences on the locations concerned in order to preserve the quality of their offerings and the long-term sustainability of their businesses.

Pierre & Vacances has worked at taking all of these issues into account since its creation. The priority given to the environment was one of the hallmarks of 2004/2005 as nature is both an appealing aspect of the Group's sites and one requiring urgent action. Two positions were created in 2005 to manage this initiative within the Research and Innovation Department.

Valuing the Group's human resources

The Group has continued with social responsibility programmes started in previous years, including:

- ongoing involvement in intrinsic staff development (employability, mobility, training, evaluations, etc.) through general application of skills management;
- strengthening the societal aspect of its civic dealings, helping to promote integration, non-discrimination, fairness and valuing diversity by way of targeted actions in conjunction with social partners.

SKILL MANAGEMENT

"Evaluating, creating loyalty and encouraging personal development." These aims have been supported by a number of initiatives in recent years. What had been missing was an underlying link between different projects. This now exists through a "skill management" system as well as additions to the management charter governing all the Group's tourist activities.

CONSISTENCY IN SOCIAL PRACTICES

To satisfy employees and secure their loyalty, the Group is striving to achieve consistency in its human resources practices by strengthening existing initiatives:

- perpetuate the employment of 8,637 full-time equivalent staff and provide them with satisfactory working conditions and fulfilling career paths;
 - increase the Group's appeal to both the younger generation and established employees;
 - step up internal promotion of employees.
- The skills and communication department has devised the "employment and skill reference guide" for tourism activities. This tool identifies key skills for the medium term and

is used to set up career development models and define suitable initiatives in training, mobility and increasing know-how and behavioural skills. The Group's best recruitment and integration practices have also been collected and distributed in CD-ROM form, in order to standardise them.

The Group continued to research standard integration procedures in order to optimise the time it takes to acquire the skills and know-how required to do the job as well as possible. One of the tools used to help integration in Center Parcs in France is the job rotation scheme, whereby employees spend a short time in each department to give them a better overview of organisation and help them make vocational choices.

Lastly, to standardise its social practices, the Human Resources Department, started in 2002, has extended the social audit procedure

to ensure that the Group's collective agreements and commitments are respected across its sites and various divisions. This procedure was set up last year and is already paying off practically in terms of safety.

IMPROVING PROTECTION

The Group has made further improvements to its employee protection measures, with a view to protecting staff and especially those least qualified from the possible consequences of increased medical costs and pension risks. As such, pension contributions from employees will soon be paid into a collective retirement savings plan (PERCO - Plan d'épargne retraite collectif). Employees will also benefit from a new, improved provident insurance contract. Lastly, the Group has broadened its employee shareholder base.

INVESTING IN HUMAN CAPITAL THROUGH TRAINING

In compliance with the new law on Individual Training Rights, the Group's training now includes an Experience Recognition Programme (VAE - Validation des Acquis de l'Expérience). These initiatives have been extended and are accompanied by all the tools featured in the new legislation, including vocational contracts and the training passport. In accordance with trade union representatives, the programme aims to establish a culture of social advancement and mobility. The VAE programmes should also help to integrate young or poorly qualified employees.

TRAINING TOPICS

Ranking	Topics	
	Executive/managerial staff	Non-executive staff
1	Sales and customer relations techniques	Validation of skills acquired in technical businesses
2	Management/teamwork	IT skills
3	Language skills	Security and safety training
4	IT skills	Language skills
5	Personal development	Personal development

DEVELOPING A GROUP CULTURE

After several years on the acquisitions trail involving the purchase of leading brands in the tourism sector, it was important for the Pierre & Vacances Group to establish its new Group status with the various entities and employees. In spring 2005, the Center Parcs village in De Vossemeren (Belgium) hosted the Group's second seminar for all managers aimed at informing and updating them on the Group's strategy. The in-house magazine "It's my Group" has a print run of 15,000 copies.

A committed social player

Pierre & Vacances fulfils its high social responsibilities via numerous concrete actions and pays special attention to certain civic issues, including integration and equal opportunity.

WORKING TOWARDS DIVERSITY

"It will be possible", the initiative taken three years ago with the French anti-racism group SOS Racisme and the AFIJ (association for the insertion of young workers), has started to pay off in terms of recruiting young foreign graduates.

A partnership has also been gradually set up with Résonance Humanitaire with a view to integrating and providing support to humanitarian aid workers on their return to corporate life.

OPENING THE COMPANY TO THE DISABLED

The Group has a "disabled solidarity" agreement with the DDTEFP⁽¹⁾ reflecting a strong commitment to recruiting disabled employees. For 2005/2006, the aim will be to increase the disabled portion of the workforce.

EQUAL OPPORTUNITIES FOR MEN AND WOMEN

Women account for 65% of the workforce and 40% of the seven-strong Executive Committee, the Group's managing body. Senior management has also instigated flexible working solutions and ensures that women fill senior positions on the same terms as men.

SOCIAL ACTION WITHIN THE COMPANY

The Group actively participates in programmes run by the Institut de Mécénat de Solidarité (organisation promoting corporate social responsibility) to assess the company's social issues, civic commitment, management of diversity and involvement at regional and neighbourhood level.

PROMOTING SOCIAL DIALOGUE

The six-monthly meetings of the Group's European works council (CEEG), dating back to November 2003, provide employees access to consolidated information and enable them to become involved in the Group's development through national works councils.

SUPPORTING LOCAL DEVELOPMENT

The nature of the Group's business means that it helps develop tourism in the regions where its residences are located. It teams up with governments and local authorities to promote eco-tourism and local employment as well as funding tourist facilities in rural areas. Indeed, the Center Parcs village at the Domaine du Lac d'Ailette in Aisne is scheduled to open in 2007 and is to directly create 670 jobs as well as boost the local economy and job market as tourism in the region increases. Action is already being taken with local unemployment agencies to profile recruits and organise training corresponding to the needs of the site.

EMPLOYEE BENEFITS

	Group
Profit sharing	YES
Collective retirement savings plan (PERCO)	YES
Savings plan	YES
Shareholding	YES (executive staff)
Foodservice	YES
Benefits	Health insurance



(1) DDTEFP: Direction Départementale du Travail, de l'Emploi et de la Formation Professionnelle [local training and employment department].

Environmental action

Action is taken on both sides of the Pierre & Vacances business: property development and management of tourist sites.

ASSESSING OUR IMPACT AND RESPONSIBILITIES

Our responsibilities with regard to environmental protection are very broad in scope, as a site owner (upstream) and as an operator (downstream). These are not new concerns for the Group since Pierre & Vacances was founded on the creation of the first car-free ski resort in Avoriaz in 1967. However, the Pierre & Vacances Group must now work at becoming more systematic about assessing and addressing its impact throughout the life-cycle of its activities, in order to improve its daily practices.

Environmental issues	Our responsibilities as an owner	Our responsibilities as an operator
Biodiversity	<ul style="list-style-type: none"> Take into account the biodiversity of the site and ensure its preservation throughout the design and construction phases (integration of the building into the site, implementation of compensatory measures for environmental degradation): <ul style="list-style-type: none"> → Inventory of fauna and flora are part of an environmental impact studies that are conducted upstream of major development projects. Limit development on sites that are sensitive in terms of biodiversity; <ul style="list-style-type: none"> → E.g.: preservation of the dunes (site listed by the Conservatoire du Littoral) on the Belle Dune village in Baie de Somme. 	<ul style="list-style-type: none"> Prevent the risk of soil and water pollution risks (maintenance of buildings and green areas): <ul style="list-style-type: none"> → Use of biodegradable cleaning products (buildings) and training of staff to use products efficiently. Maintain and optimise biodiversity: <ul style="list-style-type: none"> → About 8,500 endemic species of tree and bush were recently planted at the Butjadinger Küste Center Parcs. Raise environmental awareness of staff and customers (preservation of sites): <ul style="list-style-type: none"> → WWF workshops at all villages in summer 2005 and awareness raising facilities made available in waiting areas of PV agencies.
Energy	<ul style="list-style-type: none"> Optimise energy efficiency of buildings: <ul style="list-style-type: none"> → Compliance with thermal regulations in force. Promote renewable energy where possible: <ul style="list-style-type: none"> → Current considerations on the use of geothermic power for Les Villages Nature⁽¹⁾ and the use of solar energy to heat swimming pools on the Mediterranean coast. 	<ul style="list-style-type: none"> Ensure tight energy management during operation (monitoring consumption, maintenance, etc.): <ul style="list-style-type: none"> → Equipping new or refurbished sites with movement detectors to control lighting. Raise awareness of employees and customers in terms of controlling energy consumption: <ul style="list-style-type: none"> → Target for 2006: display environmental tips in the Group's residences, apartments and homes.
Water	<ul style="list-style-type: none"> Limit water consumption: <ul style="list-style-type: none"> → A reverse osmosis system has been adopted at three Center Parcs sites to reduce the amounts of water needed to replenish swimming pools. 	<ul style="list-style-type: none"> Control and monitor water consumption: <ul style="list-style-type: none"> → Setting water saving appliances on tap and in bathrooms. Raise customer and employee awareness of on water savings opportunities: <ul style="list-style-type: none"> → Aim in 2006: display environmental tips in the Group's residences, apartments and homes.
Waste	<ul style="list-style-type: none"> Provision of waste-sorting equipment: <ul style="list-style-type: none"> → All Center Parcs apartments have waste-sorting bins. 	<ul style="list-style-type: none"> Sort waste and encourage customers to do so: <ul style="list-style-type: none"> → Aim in 2006: distribution of brochures in apartments to raise eco-awareness of occupants.
Emissions	<ul style="list-style-type: none"> Reduce traffic on sites: <ul style="list-style-type: none"> → All Pierre & Vacances and Center Parcs villages are pedestrianised with off-site parking. <p>(1) Development project in partnership with EuroDisney. (2) Not including the two sites in Martinique and Guadeloupe.</p>	<ul style="list-style-type: none"> Minimise energy consumption and promote renewable energy: <ul style="list-style-type: none"> → Energy assessment underway at Belle Dune and solar solution under consideration. Promote the use of collective transport on site: <ul style="list-style-type: none"> → Small electric cars being provided for site personnel. Encourage customers to use collective transport to get to the sites: <ul style="list-style-type: none"> → All our sites⁽²⁾ are accessible by train or car.

ADOPTING NEW PRACTICES FOR PROPERTY DEALINGS

Factoring the environment into the Group's property development policy

The Group's property development policy has always been to choose sites for their environmental quality and then to improve them in order to enhance their appeal via integrated architecture and landscaping. To ensure that new or refurbished sites fully satisfy customers, investors and operational constraints, technical specifications have been drafted and will be in place before the end of 2005. This transversal project is managed by development and operations teams, ensuring that environmental aspects are at the top of the agenda (reducing energy and water consumption, managing construction work, etc.). The specifications, which are open-ended are currently applied to the operations of both Pierre & Vacances and Maeva and will gradually be rolled out to the Group's other businesses.

Green building certification initiative

In order to progressively integrate the principles of green building in its activities, the Group has included its next Center Parcs operation (Domaine du Lac d'Ailette in the Aisne region) in a call for pilot projects to adapt the French environmental certification (HQE) to tourism residences. This commitment is in accordance with Center Parcs' ongoing ISO 14001 certification which will be renewed this year. These studies on environmental construction will add to our knowledge on these new specifications and help us identify the key environmental guidelines to be adopted in future construction and renovation projects.

Accruing knowledge

The Pierre & Vacances Group is a member of the Green Building Business Initiative (piloted by Utopies, a think-tank and consultancy specialised in sustainability strategies). This involvement helps the Group to build its knowledge and exchange information with other companies working on the subject. Moreover, each quarter, conferences are organised internally with development and operations managers to raise awareness on sustainable construction.

Innovation

The Pierre & Vacances Group has teamed up with EuroDisney and the public development authorities (Établissement Public d'Aménagement Marne) to work with the British NGO BioRegional and the WWF on a sustainable action plan for the "Villages Nature" project. This initiative follows the One Planet Living methodology aiming to reduce the ecological footprint of our lifestyles and live within our fair share of the earth's resources.



Pierre & Vacances and WWF

In 2005, a three-year partnership was signed with the World Wild Fund for Nature to help the Group identify action priorities and implement initiatives. However, other parties must be involved more closely in this work, such as:

- local authorities who are natural stakeholders from the planning stage;
- customers who are either involved in the everyday running of buildings or owners keen to improve their property;
- shareholders who must be convinced of the business case for a sustainable development strategy;
- staff who must embody the Group's environmental commitments on a daily basis.

IMPROVING ENVIRONMENTAL SITE MANAGEMENT

Voluntary initiative

The Group has voluntarily undertaken to limit the consumption of resources through various initiatives of its divisions and sites. 43% of sites are equipped with water saving appliances, which have helped cut water use by 15 to 20% depending on the site. 80% of our sites have timer switches in collective areas and movement sensors are being included in new programmes. The technical teams are frequently informed as to how equipment should be used properly and a national energy management challenge has been launched for 2005/2006. The aim is to limit energy cost increases to half of the forecast rise in visitors.

Formal application of our commitment on a pilot site

As part of its commitment to sustainable development, the Group is aiming for more formal integration of environmental issues in site management programmes.

The Belle Dune village in the Baie de Somme has been chosen as a pilot site for this policy. Over 2005, all the issues and potential improvements were listed in order to implement the environmental plan in 2006. The initiative includes:

- setting up a general audit to identify the main sources of energy loss and implement solutions (a thermal solar solution is currently being considered for the central building);
- drawing up a management plan for natural areas of the site;
- improving sorting of waste;
- raising awareness of clients on environmental issues;
- promoting organic products with our catering partner;
- identifying performance indicators to reinforce environmental reporting for all sites in 2006.

The feedback from these actions will help identify conclusive practices that can then be applied to other sites.

Steps have also been taken to formalise an environmental management strategy for the 12 Hôtels Latitudes in 2006.

GALVANISING AND UNITING EMPLOYEES

The success of our sustainable development strategy depends mainly on mobilising in-house teams to act as spokespersons. Several awareness-raising initiatives were conducted in 2004/2005, especially during the official sustainable development week in June, when a large awareness day was held at the head office involving some 800 staff in various conferences, games and workshops. The event was organised in conjunction with the WWF and ADEME (Agence de l'Environnement et de la Maîtrise de l'Énergie [Energy Management and Environmental Agency]). In the course of the year a presentation of the partnership with WWF and sustainable development issues was made at several of the Group's business seminars (operations managers, sales networks).

A section about the Pierre & Vacances Group and the environment was also posted on the Group's intranet to promote information and communication on these matters. In 2006, an eco awareness guide will be distributed to all staff.

GALVANISING AND INFORMING OUR CUSTOMERS

A large numbers of customers stay at our sites each year and because they are on holiday in sites of natural beauty, it is an ideal opportunity to raise awareness on environmental issues. Over 2004/2005, our actions were mostly targeted at children.

Numerous events on environmental subjects were run across children's clubs in all the villages (9 villages excluding overseas departments): 6,000 children took part in the 2005 summer season. For 2005/2006 the Group is devising awareness-raising tools for The Pierre & Vacances Group apartments including the Résidences MGM, and Hôtels Latitudes and Maeva.

HEAD OFFICE MANAGEMENT

Over 800 people work at the Group's head office. The Group has raised awareness of paper consumption among employees. A monthly monitoring system is in place and concerted action is being taken with the manager of all the offices to selectively sort waste on the site.



Reporting environmental PV

Environmental reporting is in the process of being systematised in the Group. In the context of its ISO 14001 certification, Center Parcs Europe is the only business with a comprehensive reporting system. The total scope covered by the reporting is to be extended in 2005/2006.





www.pierre-vacances.fr

Head office

L'Artois – Espace Pont de Flandre
11, rue de Cambrai – 75947 Paris Cedex 19
Tel.: +33 (0)1 58 21 58 21

Financial Information

Tel.: +33 (0)1 58 21 53 72
Fax: +33 (0)1 58 21 54 10
e-mail: infofin@pierre-vacances.fr

Press and Public Relation Department

Tel.: +33 (0)1 58 21 51 81/54 61
Fax: +33 (0)1 58 21 55 93
e-mail: communication@pierre-vacances.fr