

GROUPE
PIERRE & VACANCES



2005/2006 Business report

PIERRE & VACANCES

PIERRE & VACANCES CITY

MAEVA

RÉSIDENCES MGM

HÔTELS LATITUDES

CENTER PARCS

02	CHAIRMAN'S MESSAGE
04	HISTORY
06	CORPORATE GOVERNANCE
08	KEY FIGURES 2005/2006
10	STRATEGY
14	PIERRE & VACANCES ON THE STOCK MARKET
15	SHAREHOLDER INFORMATION
16	TOURISM
26	PROPERTY DEVELOPMENT
31	SUSTAINABLE DEVELOPMENT
38	HUMAN RESSOURCES



Pierre & Vacances
"Time to rediscover"



Pierre & Vacances
CITY
Apparthôtel

"Stays in the heart
of the city"



maeva

"Share far more than
just a holiday"

The Pierre & Vacances Group is the European leader in holiday residences and has built its growth on an original economic model combining property development and tourism. The group's property know-how is a development tool at the service of tourism, regularly adding new destinations and renovating the tourism portfolio. Today, the group has six complementary tourism brands, Pierre & Vacances, Pierre & Vacances City, Maeva, Résidences MGM, Hôtels Latitudes and Center Parcs. It operates 45,000 holiday apartments and homes, located in attractive and easily-accessible European destinations, for both long and short breaks. In 2006, the group welcomed 6.6 millions guests, attracted by the freedom of their holiday while benefiting from "à la carte" services.



RESIDENCES
MGM

"Authenticity.
Comfort. And You"



latitudes
HOTELS

"The way
hotels should be"



CenterParcs

"To reconnect
naturally"



PIERRE & VACANCES
DEVELOPPEMENT FRANCE INTERNATIONAL



PIERRE & VACANCES
PROMOTION IMMOBILIERE



PIERRE & VACANCES
CONSEIL IMMOBILIER

chairman's message



“Today, the group is ready to embark on a new phase of expansion.”

Pierre & Vacances managed to restore growth this year after 2004/2005 suffered from difficult economic conditions in Europe. Turnover rose 14% and net profit by 75%. Against a more beneficial backdrop, operating performances at the tourism businesses were improved thanks to efforts to streamline organisation and optimise resources under the framework of programmes implemented at both Center Parcs Europe and in the Pierre & Vacances, Maeva, Résidences MGM, Hôtels Latitudes division. Meanwhile, business was boosted by the success of certain concepts such as Pierre & Vacances City. Property development, underpinned by new projects at Center Parcs and renovation programmes, also helped turn around earnings.

Today, the group is ready to embark on a new phase of expansion. The foundations have already been laid, particularly at Center Parcs, with projects for two new-generation villages in France, in the Aisne and Moselle regions, and for extension of existing villages.

At Pierre & Vacances, our strategy is shifting towards international expansion, with two priority regions, notably Spain, a highly attractive destination for our northern European customers, and Morocco, where the holiday residence model, once adapted to local customs, should appeal to investors and tourists. Finally, Pierre & Vacances City is continuing to grow and has already identified target locations for setting up in major French towns and European cities.

After three years of consolidation and having bolstered the balance sheet, we want to enter a new acquisitions phase in our businesses in Europe.

In 2007, the group also celebrates its 40th birthday. Indeed, the fundamentals that direct our current development were first put in place in Avoriaz in 1967. Our dual business of property development and tourism was born from this founding experience and we have since successfully reproduced our original model in France and in Europe. While today's highly-structured company may not resemble the laboratory of ideas started in Avoriaz, our success in 2007 owes much to this recent past, in which I see an outstanding source of pride and confidence in the future.



A book tracing the history of Pierre & Vacances has been published to mark the group's 40th birthday.

Gérard Brémond
Chairman and Chief Executive Officer

History

THE PIERRE & VACANCES GROUP IS A PIONEER IN ITS FIELD HAVING INVENTED A NEW ECONOMIC MODEL BASED ON THE DOUBLE ACTIVITY OF TOURISM AND PROPERTY DEVELOPMENT. THE GROUP HAS BECOME A LEADER IN EUROPE THANKS TO TARGETED ACQUISITIONS AND CONTINUES TO PURSUE A ROBUST EXPANSION POLICY.

- Launch of a new tourist resort concept in Avoriaz by Gérard Brémont



- Creation of a new holiday concept by Piet Derksen "Villa in the forest" at De Lommerbergen in the Netherlands

1973

- 1st Avoriaz International Festival of Fantastic Film

- Launch of the "Nouvelle Propriété" sales formula*

- Opening of the 1st Pierre & Vacances seaside Residence at Juan-les-Pins (French Riviera)

1979



1988

- Launch of the 1st Swimming Paradise with the opening of the 6th Center Parcs at De Eemhof in the Netherlands

- Building of the 1st Center Parcs in France, Domaine des Bois-Francis – Normandy



- Opening of the Cap Esterel Pierre & Vacances Village

- Opening of the 1st Pierre & Vacances eco-village "Belle Dune" in the Baie de Somme

1997

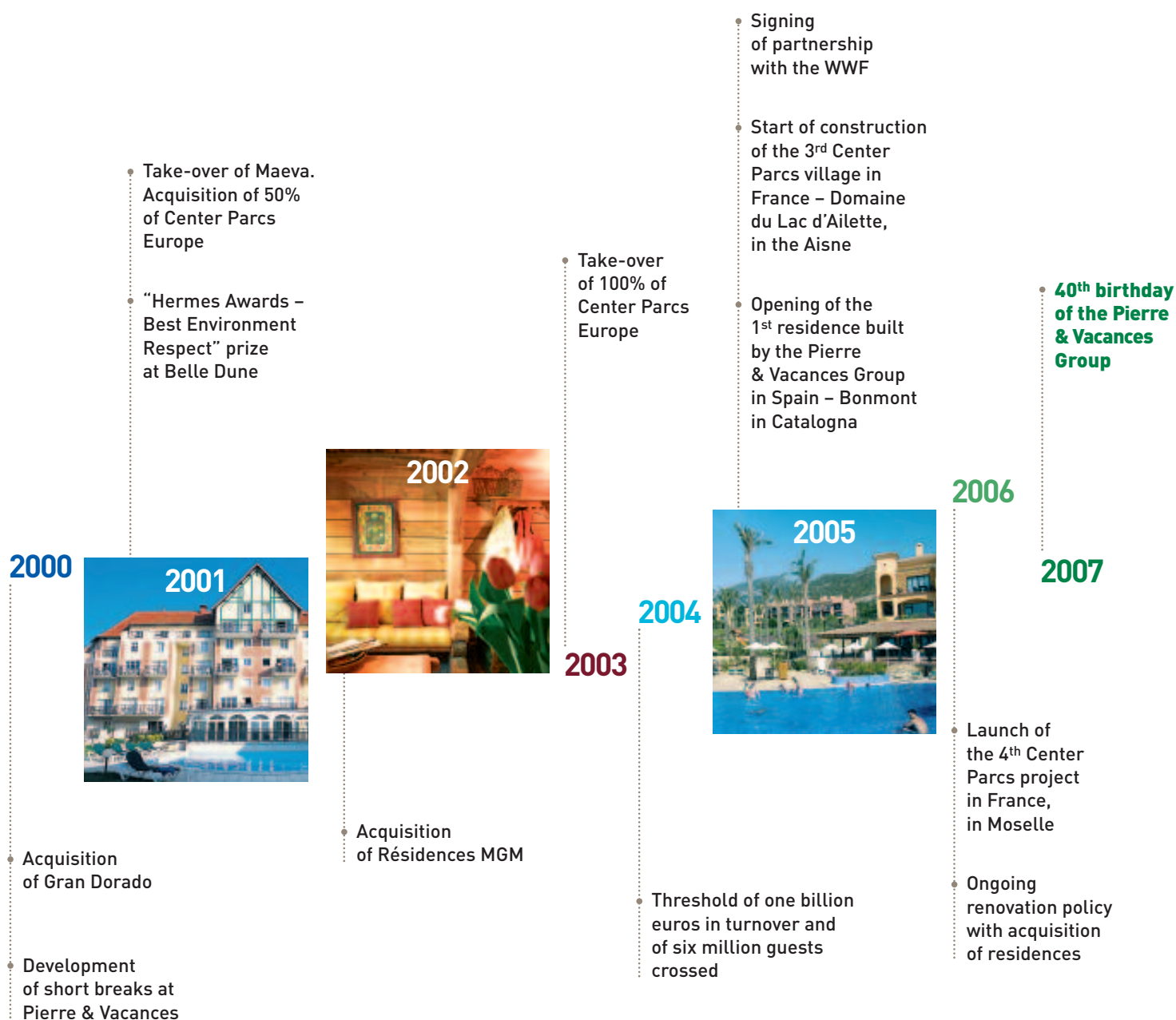
- Acquisition of Orion Vacances
- Initial Public Offering

1999

1998

- Opening of the two Pierre & Vacances Villages in the French West Indies (Guadeloupe and Martinique)

* Under which private investors acquire an apartment at a reduced cost, as VAT can be recovered and rent is prepaid.



corporate governance

THE STRATEGIC OBJECTIVES OF THE PIERRE & VACANCES GROUP ARE DEFINED AND IMPLEMENTED BY SEVERAL DECISION-MAKING BODIES.



The Board of Directors

The Board of Directors of Pierre & Vacances SA has nine members, four of whom are independent as defined by criteria in the Bouton report. Over the past year, the Board of Directors met eight times and had an overall attendance rate of 90.6%. In 2006, the Board of Directors implemented a self-assessment programme in order to improve corporate governance, particularly in terms of the information provided and the presentation of activities by operating managers to the Board.

The Executive Committee

The Executive Committee has nine members, all of whom are group executives. The Committee meets every quarter to examine group-wide strategic subjects: international expansion, brand strategy,

human resources policy and risk management. It is also responsible for the group's business planning, developing of internal synergies and adjusting the strategy to meet new challenges.

The Management Committee

The group's Management Committee meets at least twice a year. It has 34 members and covers not only the Executive Committee, but also the main senior managers of the Pierre & Vacances Group. It provides an opportunity to inform and consult with the group's senior managers concerning strategic objectives for the various group divisions and group-wide subjects.

For further information, see the Chairman's Report on internal control procedures in the 2005/2006 financial report.



1.

2.

3.

Expert units for each division

The Development Committee

This committee was created in the 2005/2006 financial year and includes representatives from the tourism, property development and finance divisions. It is called on to decide on development projects through both property development and acquisitions.

The Tourism Committee

The Committee houses the main managers of the Pierre & Vacances tourism and financial divisions and decides on the tourism strategy for the Pierre & Vacances, Pierre & Vacances City, Maeva, Résidences MGM and Hôtels Latitudes brands.

The Board of Management and Supervisory Board of Center Parcs Europe

These two bodies include qualified external members and were created in application of Dutch law given that the headquarters of Center Parcs Europe is located in the Netherlands.

The Property Development Committee

This Committee is composed of managers of the property development and property marketing divisions and decides on expansion programmes, marketing and sales strategies for these programmes and property sales formulas.



4.

5.



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7.



8.

9.

EXECUTIVE COMMITTEE

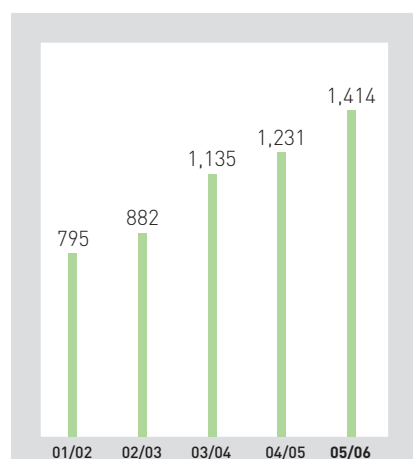
1. **Antoine de Fombelle**
Chief Executive Officer of Pierre & Vacances
Développement France International
2. **Isabelle de Wavrechin**
Chief Executive Officer of Pierre & Vacances
Conseil Immobilier
3. **Patricia Damerval**
Deputy Chief Executive Officer, Head of Finance
4. **Éric Debry**
Deputy Chief Executive Officer
5. **Gérard Brémont**
Chairman and Chief Executive Officer
6. **Thierry Hellin**
Deputy Chief Executive Officer, Head of Legal,
Human Resources, Risk Management and
General Services Department
7. **Martine Balouka**
Chief Executive Officer of Pierre & Vacances
Tourisme France
8. **Christophe Jeannest**
Chief Executive Officer of Center Parcs Europe
9. **Jean Chabert**
Chief Executive Officer of Pierre & Vacances Promotion
Immobilière

BOARD OF DIRECTORS

Gérard Brémont
Chairman and Chief Executive Officer
Olivier Brémont
SA SITl,
represented by Thierry Hellin
GB Développement,
represented by Patricia Damerval
Éric Debry
Michel Dupont
Sven Boinet
Marc R. Pasture
Ralf Corsten

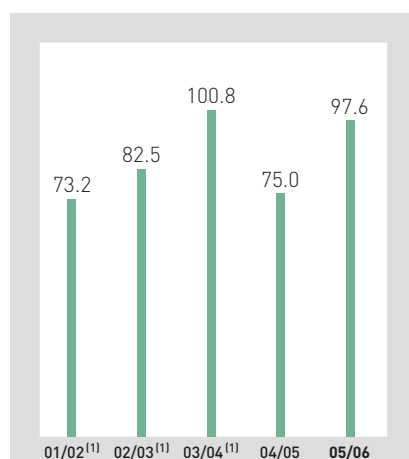
key figures 2005/2006

AFTER SUFFERING IN 2004/2005 FROM DIFFICULT ECONOMIC CONDITIONS IN EUROPE, PARTICULARLY IN THE NETHERLANDS, THE GROUP POSTED A SURGE IN 2005/2006 EARNINGS DRIVEN BY IMPROVED OPERATING PERFORMANCES AND COST CUTTING MOVES.



Turnover
(€ million)

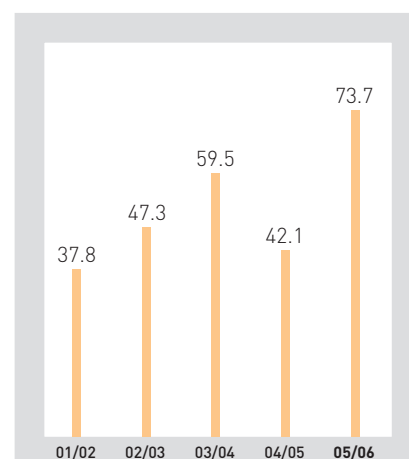
Like-for-like group turnover rose 13.6%. Tourism sales rose 3.1% to 996.3 million euros while property development turnover leapt 50.0% to 418.0 million euros.



(1) Published operating income under French standards

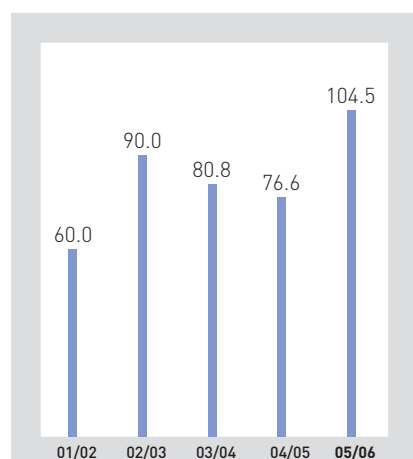
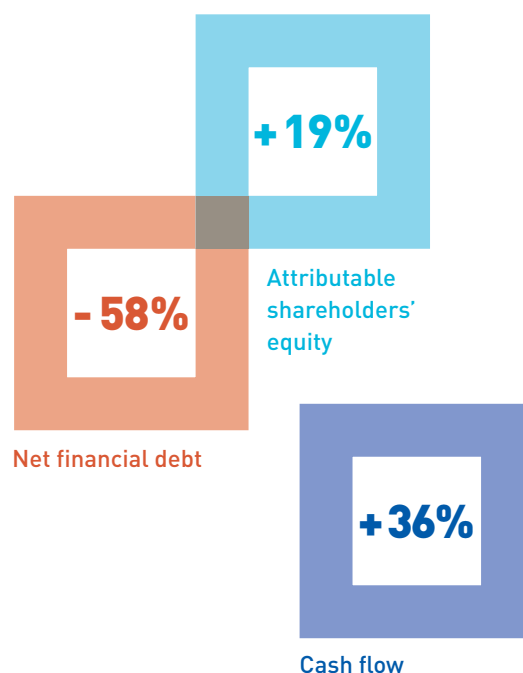
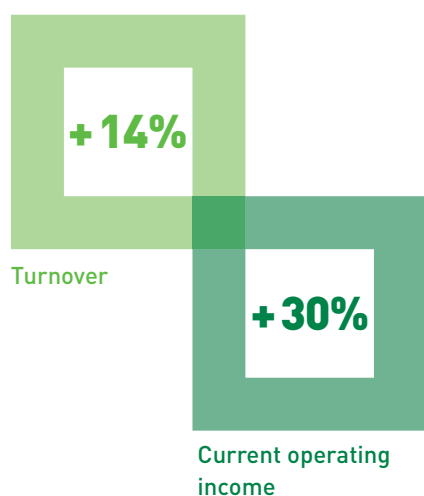
Current operating income
(€ million)

The contribution from the two business segments, tourism and property development, to current operating profit was 30% higher than last year.



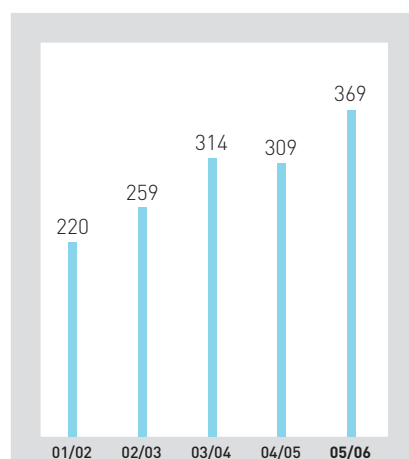
Attributable net income
(€ million)

Record net profit of 73.7 million euros, up 75%.



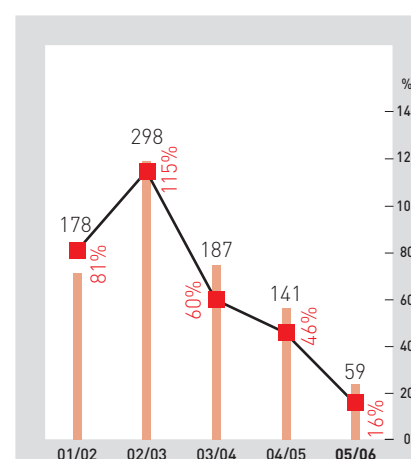
Cash flow
(€ million)

Cash flow of 104.5 million euros helped reduce debt while financing the acquisition of property assets for renovation and hefty capital expenditure in the tourism operations.



Attributable shareholders' equity
(€ million)

Earnings posted over the year helped raise equity to 369 million euros at end-September, 2006.

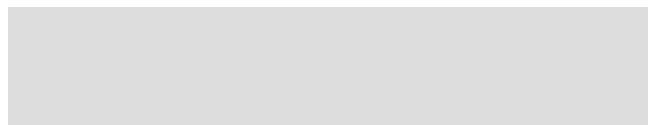


Net financial debt
(€ million and as a percentage of shareholders' equity)

Further bolstering of the balance sheet, with the ratio of net debt to equity standing at 16% at end-September, 2006.

strategy

AFTER A YEAR OF RESTORING EARNINGS
GROWTH, THE GROUP IS STEPPING
UP THE SEARCH FOR FRESH EXPANSION,
PARTICULARLY OUTSIDE FRANCE.



3 KEY POINTS

1

CONTINUING EXTERNAL GROWTH

After three years of consolidation, the group is entering a new phase of acquisitions for its businesses in Europe.

2

FOCUSING ON INTERNATIONAL ACTIVITIES

The group boasts the necessary resources for further expansion in Europe and the Mediterranean basin.

3

IMPROVING DISTRIBUTION

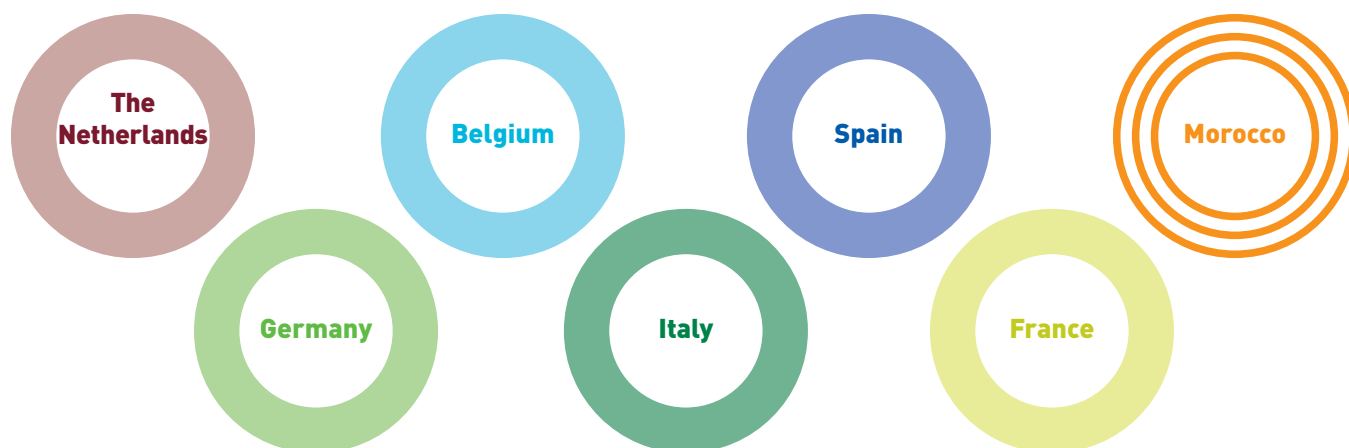
The Pierre & Vacances Group has made distribution by the Internet a priority and is bolstering its partnerships with the most efficient European tour operators.

A YEAR OF REBOUND

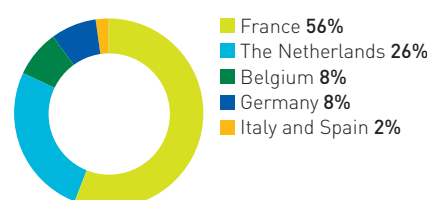
In 2005/2006, the group returned to a growth path, posting sales growth of 13.6%. Accommodation turnover from the French tourism brands (+6.2%) benefited from the opening of the Rouret village, as well as several residence renovations in mountain resorts and growth in occupancy rates with French holidaymakers. Accommodation turnover from the Pierre & Vacances City brand rose 12.8%, thereby confirming the wisdom and potential of the concept. Internet sales leapt by more than 60%. Turnover at Center Parcs Europe rose 2.5% on the back of improved frequency rates for Dutch and German guests in the second half. Turnover from property development climbed 50% thanks to renovation operations and two major projects, namely the 3rd Center Parcs village in France, Domaine du Lac d'Ailette, in the Aisne and the Paris Tour Eiffel city residence. In line with targets, the group generated 22 million euros in cost savings over the year, 15 million euros from Center Parcs Europe and 7 million euros from Pierre & Vacances, Pierre & Vacances City, Maeva, Résidences MGM and Hôtels Latitudes. Current operating profit rose 30% and net profit 75%.

AN EFFICIENT ECONOMIC MODEL

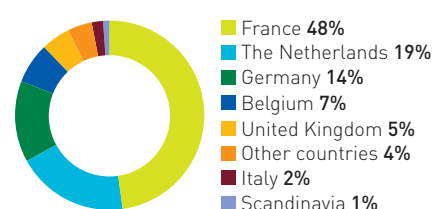
Thanks to its property activities, the Pierre & Vacances Group is offering new tourism destinations and renovating its managed portfolio. Since the group does not intend to own the residences it operates, it sells them to individuals, who sign nine-year renewable leases with tourism operating companies. This synergy between the property and tourism businesses is unique among European operators, and is one of the group's main strengths given that it helps to regularly round out the tourism offering and smooth over the cyclical effects traditional in the property and tourism markets. Property development opportunities in France are primarily located in rural regions, which enjoy advantageous tax incentives. Over the past five years, the renovation of existing residences in a bid to adapt the offering to new client expectations has represented 150 million euros in work in 4,000 apartments and has been financed by individuals. The development teams are now looking to buy assets to renovate beyond the scope of the group's management in order to increase the offering in privileged locations where property has become rare. Over the year, the property development business enjoyed robust growth, with turnover from property reservations of 448 million euros including VAT. In 2006/2007, some 2,700 apartments and homes are due to be delivered, equating to 1,300 for new programmes and 1,400 for renovations.



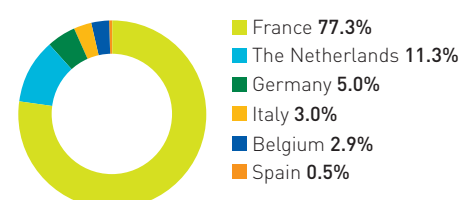
Breakdown of tourism turnover by destination



Breakdown of accommodation turnover by customer origin



Breakdown of operated tourism portfolio by destination (in number of apartments)



Total operated portfolio: 45,374 apartments

APPLYING PIERRE & VACANCES' DEVELOPMENT MODEL TO INCREASE THE OFFERING AT CENTER PARCS

Thanks to the group's property expertise, the Center Parcs offering is set to surge in coming years. Business in France is set to benefit from a more than 70% increase in the portfolio by summer 2007, with operation of the 861 cottages at the Domaine du Lac d'Ailette village due to start and a further 204 cottages at Bois-Francs in Normandy, together with the extension of the Aqua Mundo and Spa. Elsewhere, another project in Moselle with capacity of around 800 cottages, was officially launched during the year. Destined primarily for German holidaymakers, the new site is due to come onstream in 2010. Extension opportunities have also been launched. Finally, other sites are being considered in Germany and Belgium.

DEVELOPING THE INTERNATIONAL OFFERING OF PIERRE & VACANCES AND MAEVA

The Pierre & Vacances Group is injecting fresh momentum into international expansion. Firstly for 3 and 4-star Pierre & Vacances City residences in major European cities: Brussels, Basel, Vienna, Hamburg, London, Edinburgh, Barcelona and Madrid. At the same time, expansion in France is set to continue, in Paris and major French towns, via Pierre & Vacances City and Citéa in the 2-star category.

Growth is set to be driven by property development and by acquisitions and partnerships with local players. For 2010, the group is aiming to have 35 Pierre & Vacances City and 60 Citéa residences. Urban residences generate excellent profitability levels given that they are open all year round, with the average occupancy rate standing at 74% over the past year, and a mixed business and tourism client base. The group is also successfully present in Spain under the Pierre & Vacances and Maeva banners. The aim to continue expanding in the country is taking shape with Spain, now a major tourism destination for all northern European countries. The teams at Pierre & Vacances Development France International are set to combine several approaches: property development (looking for land and building new residences), acquiring existing buildings to renovate and acquisitions via lease contracts and management mandates.

Pierre & Vacances also aims to set up in Morocco, notably in Marrakech and Agadir. With Moroccan airspace now open to low cost airlines, Morocco has become an easy-access destination for both short and long holidays. Given the local backdrop, the implantation means the group will have to adapt its concept, especially in terms of service offerings. This type of destination is aimed at family holidaymakers already loyal to Pierre & Vacances, and also to European pensioners interested in longer holidays. In terms of property, several categories of investors are set to be called on, namely Moroccan buyers (resident or non-resident), and European.



PIERRE & VACANCES, PIERRE & VACANCES CITY,
MAEVA, RÉSIDENCES MGM, HÔTELS LATITUDES

Strengthening brand positioning

The challenge aimed at bolstering brand identity, differentiation and awareness is underpinned by the new organisation into five business units, each one corresponding to one brand: Pierre & Vacances, Pierre & Vacances City, Maeva, Résidences MGM and Hôtels Latitudes. This organisation has been in place since October 2006 and aims to inject fresh momentum into each brand, with separate communication and specific developments in terms of products, price positioning and customer relations. Each business unit has its own marketing and operating means and shares commercial skill centres for e-commerce/relational marketing, revenue management, which sets recommendations in terms of prices and guarantees inter-brand price coherence, and sales management. Finally, the Quality-Development department directs satisfaction indicators.

Developing relational marketing underpinned by Internet

Over the past year, sales made over the Internet rose 60% primarily on the back of increased site traffic following the launch of the pv-holidays.com portal, the new site ergonomics and advertising investments. For the coming year, the aim is to improve the rate of conversion of site visits into holiday orders with new technical functionalities aiding the client's choice (new maps, greater flexibility on departure and arrival dates etc.). Thanks to the development of Internet, the client data base is both larger and better segmented. This should enable the roll-out of a more targeted relational marketing strategy based on the centres of interest and specific purchasing behaviour of clients, with the aim of increasing loyalty. The objective is to achieve growth of 40% in reservations made over the Internet in 2006/2007.

Strengthening sales presence outside France

Outside France, Pierre & Vacances is set to round out its teams in the UK and open a new sales office in Brussels to cover all of the Benelux countries, in addition to the Spanish, German and Italian offices.

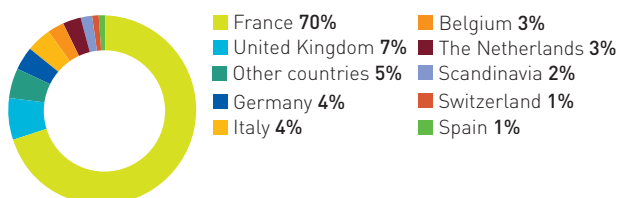
Internet also provides leverage to growth outside France and in order to boast a targeted offering in priority countries, a team of local webmasters responsible for animation in each country has been recruited (UK, Germany, the Netherlands, Italy and Spain).

The group is also strengthening its partnerships with on-line tour operators. For traditional travel agencies, the group is developing privileged relations with a small number of key market players. The integration of a new Internet transaction and communication platform, Amadeus Leisure Platform, in early 2007, should provide travel agencies real-time access to available stocks.

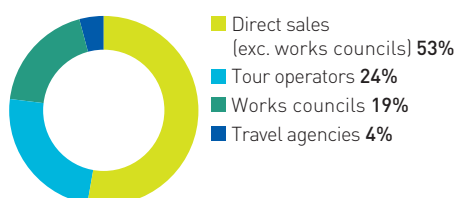
Controlling costs, increasing profitability

Purchases are shared over the group as a whole and new purchase categories are analysed and streamlined (fees, insurance, mailings, publications etc.). A search for more efficient suppliers has been implemented for certain equipment, particularly in Asia. Meanwhile, the introduction of a cap on rent indexation, during lease renewals should help limit exposure to changes in the cost of construction index. At the same time, the group makes its various services businesses profitable by outsourcing certain services (e.g. catering), and by creating exclusive partnership agreements (ski equipment, bicycle rental).

Pierre & Vacances, Maeva, Résidences MGM, Hôtels Latitudes
accommodation turnover by origin of customers



Pierre & Vacances, Maeva, Résidences MGM, Hôtels Latitudes
accommodation turnover by distribution channel



CENTER PARCS EUROPE

Positions confirmed; segmentation, a factor of differentiation

Center Parcs Europe is continuing to reposition its brands and clarify its offering. This approach targets Dutch holidaymakers in particular given that they account for almost 40% of sales. Villages are now segmented (Full Experience, Family, Active, Relax & Nature) in order to provide better visibility for clients and set them apart from rival offerings. The leisure offering has also been rounded out for younger children, teenagers, with areas set aside for disco and video games, and offerings aimed at pensioners and new animation programmes for all generations.

Center Parcs has also enhanced the appeal of Park Hochsauerland (Germany) and of Port Zelande (the Netherlands) by increasing leisure equipment and enhancing the quality of cottages in order to raise the Full Concept offering (or 5-bird ranking) to 12 sites out of a total of 16 villages. Cottage renovations and upgrades at Park Zandvoort and De Kempervennen in the Netherlands and at Les Hauts de Bruyères in France should help standardise the level of services and bolster the upscale positioning of the brand.

Developing distribution channels

In 2005/2006, Center Parcs Europe derived 22% of sales from the Internet. A new site was launched in early 2007 and the brand, which hopes to improve the conversion rate of site visits into reservations by 30%, now has an on-line holiday preparation software. The aim is to obtain 50% of reservations via the Internet by end-2008. The rising momentum of this distribution channel also enables a finer segmentation of clients and a dematerialisation of customer relation management.

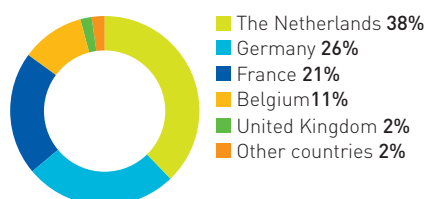
In addition, marketing teams and tools dedicated to new targeted markets (eastern Europe and Scandinavia) and B2B have been set up. Finally, partnerships are due to be developed with Ikea, Flair, Post-offices companies, Nutricia and T-Online for their intervention in promoting the Center Parcs brand.

Targeted marketing

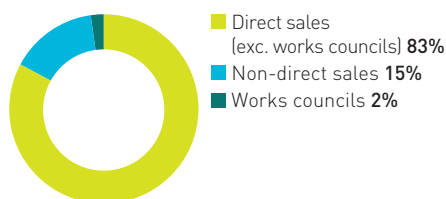
In 2006/2007, Center Parcs Europe is set to pursue a 360° marketing campaign based on the slogan "State of Happiness", focusing on teenagers, pensioners and groups. The revenue management strategy favours early bookings and Internet sales for which reservation fees are lower. The brand is also stepping up its loyalty policy in Belgium, the Netherlands and Germany, where advantages reserved for "friends" have been enhanced (early arrival, presents and exclusive promotions). Finally, an advertising campaign is due in France for the launch of the Domaine du Lac d'Ailette village for summer 2007.



Center Parcs Europe accommodation turnover by origin of customers



Center Parcs Europe accommodation turnover by distribution channel



The new CAESAR software

New software CAESAR (Customer Adapted Easy Arrival) is a means of monitoring clients from the time of reservation (on-line registration and preparation of stay) to their arrival (identification and cottage designation via a bar code), as well as during the holiday (unique identification and payment system for all sales points) and after departure (on-line satisfaction questionnaire).

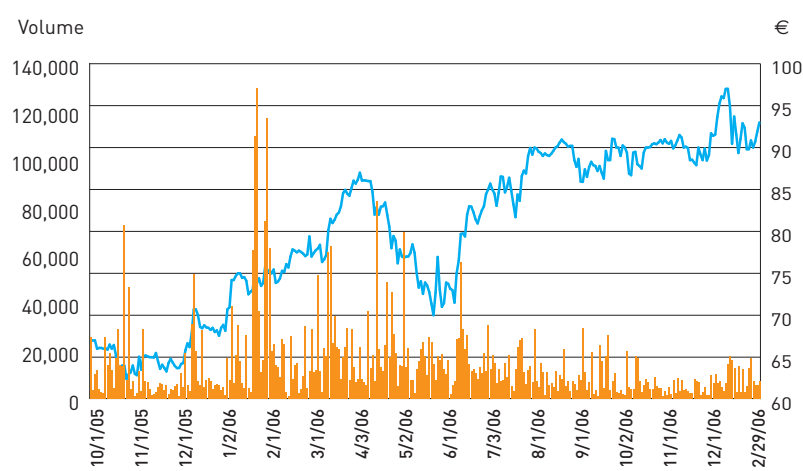
The software is to be rolled out gradually over the two/three years to come and should help both improve revenues by better monitoring customer relations and cut costs by increasing productivity (reducing structural costs, lower information processing costs).

Streamlining operating costs

Actions undertaken via the group-wide purchasing policy are continuing, while control of energy consumption (installation of thermostats and energy-saving lighting) and making services more flexible are two sources of cost cutting. Catering concepts have been simplified and prices adapted. Sports and leisure activities are now defined depending on the village and the clients present on the site. Finally, ways of improving store management (optimising surface areas, stocks and referencing) are being finalised.

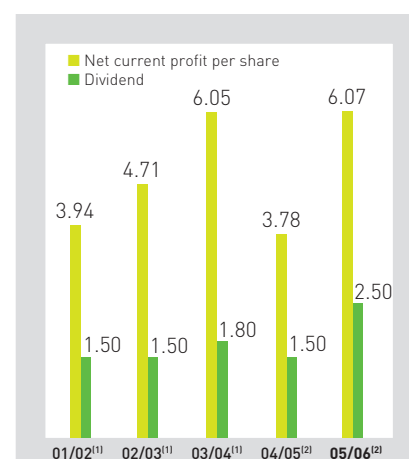
Pierre & Vacances on the stock market

SINCE ITS FLOTATION IN JUNE 1999 AT €17, THE PIERRE & VACANCES SHARE PRICE HAS RISEN FIVEFOLD. THE SHARE NOW BELONGS TO THE SBF 120, CAC MID 100 AND NEXTPRIME INDEXES. THE DIVIDEND PROPOSED TO THE ANNUAL GENERAL MEETING FOR THE PAST YEAR STANDS AT €2.50, A 67% INCREASE ON THE PREVIOUS YEAR.



Change in share price since October 1st 2005

The share price has climbed 39% since October 1st 2006 to December 29th 2006, outperforming the SBF 120 index by 14%. The rally was mainly achieved on the back of a hike in the group's 2005/2006 earnings, with a 75% leap in net income.



(1) French standards.

(2) IFRS.

Change in net current income per share and dividend (€)

Pierre & Vacances share

Listing

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

Indexes

SBF 120, CAC Mid 100, NextPrime

Codes

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

Market capitalisation

€817 million on December 29th 2006

As of December 29th 2006:

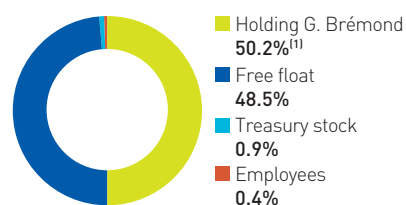
Number of shares

in circulation: 8,784,836

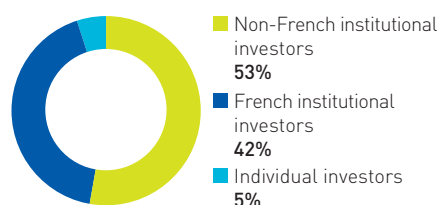
Number of voting rights

13,226,693

Shareholder structure



Breakdown of free float



(1) Gérard Brémont owns 66.6% of voting rights.

shareholder information

A permanent dialogue with shareholders

The Pierre & Vacances Group communicates regularly on businesses, strategy and outlook to individual and institutional shareholders, and more generally, to the financial community.

PUBLICATIONS

All of the group's publications (press releases, annual reports, full-year and interim presentations, etc.) are available on simple request. The group's new website (<http://groupe.pierre-et-vacances.com>) is more ergonomic and interactive, with Internet users now able to subscribe to e-mail alerts in order to receive information on group events and download all of the group's publications since it was floated. It also shows the list of financial analysts covering the group and tracks the share price in real time.

MEETING INSTITUTIONAL INVESTORS

For several years, the group has been expanding its marketing efforts for institutional investors. Over the past year, the group's senior managers met more than 150 investors at roadshows in France, the UK, the Netherlands, Germany and Switzerland.

A COMMITMENT TO TRANSPARENCY AND QUALITY

With the financial community paying increasing attention to financial transparency, Pierre & Vacances has chosen to belong to the NextPrime market segment, 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.

Agenda

- **2006/2007 1st quarter turnover:**
January 18th 2007
- **Annual General Meeting:**
February 15th 2007
- **2006/2007 2nd quarter turnover:**
April 19th 2007
- **2006/2007 1st half results:**
May 31st 2007
- **2006/2007 3rd quarter turnover:**
July 19th 2007
- **2006/2007 4th quarter turnover:**
October 18th 2007
- **2006/2007 full-year results:**
December 6th 2007

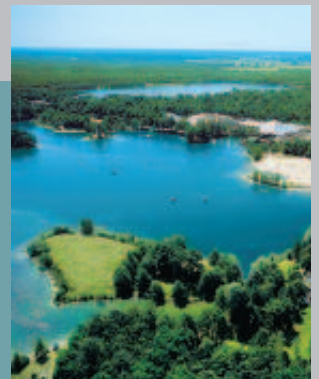
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Tourism



18	PIERRE & VACANCES AND PIERRE & VACANCES CITY
20	MAEVA
22	RÉSIDENCES MGM
23	HÔTELS LATITUDES
24	CENTER PARCS



Pierre & Vacances

110 sites 21,130 apartments and holiday homes
106,500 beds 1,725,000 customers



OVERVIEW

Activity

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

Location of sites on September 30th 2006

France: 97
French West Indies: 2
(Guadeloupe and Martinique)
Italy: 10
Spain: 1

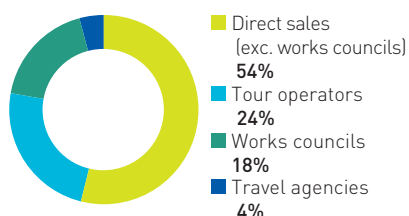
time to rediscover

FREEDOM, TOP-OF-THE-RANGE, RELIABILITY, SERVICE AND PLEASURE

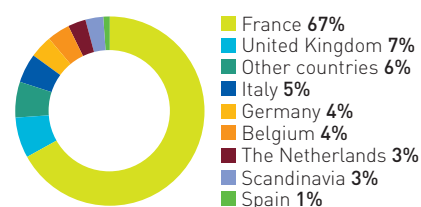
Pierre & Vacances Village –
Cap Esterel



Accommodation turnover by distribution channel



Accommodation turnover by country of origin



RESIDENCE OR HOLIDAY VILLAGE, A CHOICE FOR EVERYONE

Pierre & Vacances is the group's original upscale brand and offers breaks in residences or holiday villages combining comfort, freedom and leisure. In the villages, guests have all they need at their fingertips, with an extensive range of leisure equipment and activities. The villages are ideal for families and are a veritable kingdom for children who are welcomed at the Childrens' Clubs as of three months old. The residences are located at reputed sites and provide an excellent springboard for discovering the wealth of a region and its cultural heritage.

THE DYNAMIC NATURE OF AN OUTSTANDING TOURISM PORTFOLIO

Pierre & Vacances' tourism portfolio boasts a highly dynamic management process. It is constantly rounded out and renovated in order to offer holidaymakers top-notch services and surroundings. After a full renovation, the Rouret village in the Ardèche region reopened in April 2006. The pedestrian village has 80 hectares of land, 270 homes and 225 apartments regrouped into hamlets. Three residences were also opened during summer 2006 in France, Le Green Beach at Port-en-Bessin, Les Dunes du Médoc at Soulac-sur-Mer and Heliotel Marine at Saint-Laurent-du-Var after full renovation. Finally, five mountain residences were renovated during the year, namely Les Néréides at Belle Plagne, Les Crêts and Les Sentiers du Tueda at Méribel-Mottaret, L'Ours Blanc Privilège at Alpe d'Huez and Les Balcons de Bellegarde at Val-d'Isère. In Spain, 57 new apartments rounded out the offering at the holiday Bonmont residence, opened in 2005.

NEW SERVICES IN 2006

Several successful concepts were extended to new destinations during 2006. This was the case of the Discovery Passes (short-stay theme formulas), which were rolled out in seven new villages and the SpOt areas for teenagers, offered in three new villages. In the mountain resorts, Pierre & Vacances now offers snowshoe outings and Bien-Être packages in response to new holidaymaker desires to benefit from other activities besides skiing.

In addition, the SMS service letting customers arriving before 5 p.m. know whether their apartment is available, was also extended to all the mountain residences. Finally, again in the mountain resorts, a bakery service for bread and pastries orders was set up in eight residences.



Pierre & Vacances
CITY
Apparthôtel

THE CITY BREAK, A NEW TREND

Located in the heart of city centres, the 15 Pierre & Vacances City apparthôtels are genuine ready to live in, "home from home", responding to new trends in both individual and professional travel requirements. While individual customers are multiplying city visits, business professionals now travel more frequently for long periods of time, for the duration of a mission, a training course or a change in job. In order to better differentiate the concept and its positioning relative to classic hotel rivals, the new apparthôtel banner was adopted in 2006 and a new logo created.

Pierre & Vacances City is already present in Paris and the Île-de-France region with nine apparthôtels and in 2007, is set to open the new upscale Paris Tour Eiffel apparthôtel in the 15th district of Paris housing 375 apartments. The brand is continuing its ambitious expansion programme with new openings planned for Paris, the Paris region, major French towns and European cities.



maeva



OVERVIEW

Activity

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

Location of sites on September 30th 2006

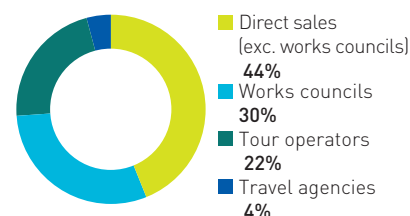
Mountain: 67
Seaside: 86
Spain: 11

share far more than just a holiday

SHARED EXPERIENCES, OPEN-MINDEDNESS, FREEDOM, SIMPLICITY AND REGIONAL DISCOVERY



Accommodation turnover by distribution channel



CONVIVIALITY AND INDEPENDENCE

The 164 Maeva residences offer holidaymakers complete independence via a straightforward rental, but also the choice of "à la carte" hotel services (Childrens' Clubs, ski lessons, catering, thalassotherapy, tennis or riding lessons etc.). Since visitors are mainly families or groups of friends, the residences have a special offer policy suitable for everyone, with the "Tribus" offering for reservation of several studios, the "P'tit appétit" catering option, discounts for the "Confort +" formula for short stays, as well as for long stays.

A CONSTANTLY CHANGING TOURIST RESIDENCE PORTFOLIO

Over the past three years, Maeva has been pursuing an ambitious programme to renovate its portfolio of residences in order to standardise its rental offering. In 2006, nine residences were renovated. Four new destinations were opened at sea resorts in France, the Palais de la Marine residence at Villefranche-sur-Mer, Maeva residence and L'Estran hotel at Château d'Olonne, the Cannes Verrerie residence at Cannes and Le Baronnet at Marina Baie des Anges. In France, two new mountain residences were opened, the Antarès residence at Avoriaz 1800 and Les Portes de l'Oisans at Vaujany. In Spain, Maeva has extended its activities and now markets two new destinations, Les Oliveres on the Costa Dorada and Ciutat de Palol on the Costa Brava.

NEW IN 2006

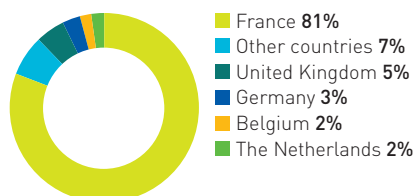
For summer 2006, Maeva launched the "Maeva Animation" residences. In 27 sea resorts, day and/or evening animation services were offered for adults and for children via Childrens' Clubs. An identical formula was launched in six mountain residences and one mountain hotel. At the seaside resorts, new thalassotherapy treatments were included in the offerings at Bénodet, La Baule, Saint-Jean-de-Luz and the Camargue. The banner now has some 13 destinations in France offering thalassotherapy courses during the winter and 27 during the summer.

This winter, in order to meet high holidaymaker expectations for varying mountain activities, in 15 residences, Maeva set up accompanied snowshoe outings providing a fun and easy way to discover the landscape. Some destinations even offer night-time walks. Meanwhile for winter 2006/2007, Childrens' Clubs were set up at seven mountain resorts.

Résidence Maeva – Eugénie – Biarritz



Accommodation turnover by country of origin





OVERVIEW

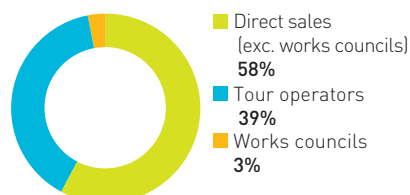
Activity

Rental of apartments, ranging from two rooms for 3 people to five rooms for 10 people, in prestigious residences.

Location of sites on September 30th 2006

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

Accommodation turnover by distribution channel



AUTHENTICITY. COMFORT. AND YOU

PRESTIGE, AUTHENTICITY, QUALITY, EXCLUSIVITY, SPACE AND WELL-BEING

A PRESTIGIOUS AND AUTHENTIC ENVIRONMENT

Résidences MGM is located in the most prestigious mountain resorts in the French Alps. It is a reflection of mountain life-styles in hamlets with authentic and cosy chalets built in traditional mountain architecture. Visitors are well looked after and holidays are focused on relaxation and well-being.

TAILOR-MADE STAYS AND QUALITY SERVICES

The majority of residences offer short breaks and "à la carte" stays enabling guests to reserve last-minute and arrive on the day of their choice. Résidences MGM also offers pre-reservation services to facilitate booking of ski-lift passes, rental of ski equipment and enrolling for classes at the French ski school, ESF.

NEW IN WINTER 2006/2007

Several residences (Chamonix, Les Carroz-d'Arâches, Arc 1800, Aime-la-Plagne, Méribel Village and Les Menuires) now offer the well-being and relaxation environment of Spas by Algotharm®, joining forces with a recognised global brand, combining efficiency, naturalness and authenticity. New services have also been launched, namely delivery of bread and pastries for breakfast ordered the night before at the reception desk, and a delicatessen service at Aime-la-Plagne, Chamonix and Méribel, with quality service providers offering regional specialities and delivery to the apartment. Finally, for arrivals before 5 p.m., guests are warned by SMS as soon as their apartment is available. This service has gone down particularly well, enabling guests to better manage their time, explore the ski station, rent skis or buy their lift passes.





11 sites 1,100 rooms
2,600 beds 108,600 customers

Overview

Activity

3 and 4-star leisure hotels located at seaside and mountain resorts or city centres.

Location of sites on September 30th 2006

- 4 mountain hotels: Arc 1800, Les Menuires, Méribel and Val-d'Isère.
- 6 seaside hotels: Pornichet, Deauville, Trouville, Cap Esterel, Grimaud and Valescure
- 1 city centre: Toulouse

The way hotels should be

COMFORT, MODERNITY, TAILORED SERVICES AND INCENTIVE

FREEDOM COMBINED WITH A BUNCH OF SERVICES

The banner's hotels are located in reputed seaside and mountain resorts. They offer wide flexibility in terms of the length of stays, and a comprehensive range of services, living and relaxation areas, typical regional catering, integrated leisure facilities as well as "à la carte" leisure possibilities. The services offered depend on the hotel location (ski passes and equipment rental at mountain resorts, thalassotherapy and golf at seaside and city hotels).

the hotel can offer each company a tailor-made programme combining working sessions with leisure activities.

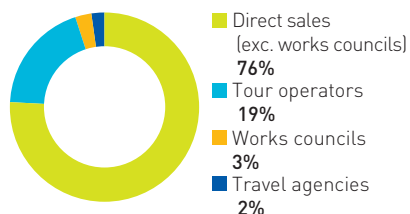
NEW IN 2006

In 2006, the hotel "Les Bruyères" at Les Menuires underwent a prestigious make-over to merge modern facilities with the mountain spirit. All of the rooms (47 of which now communicate with each other for family requirements), leisure and restaurant facilities have been renovated to offer the maximum comfort. In addition, the thalassotherapy offering was rounded out with new treatments added at the Pornichet and Deauville sites. At Arc 1800 and at Les Menuires, a Childrens' Club now helps parents organise their holidays to the great joy of their children.

GLOBAL SOLUTIONS FOR BUSINESS CLIENTS

Hôtels Latitudes offers all-year round facilities for business clients to host conferences, seminars and staff-incentive breaks. Meeting and congress rooms, quality sports equipments and sizeable catering and accommodation facilities mean

Accommodation turnover by distribution channel



16 villages 10,133 cottages
50,820 beds 3,115,400 customers



OVERVIEW

Activity

Cottage rentals for 4 to 8 people in the heart of woodland villages with numerous sports and leisure facilities.

Location of villages on September 30th 2006

The Netherlands: 8, France: 2,
Belgium: 2, Germany: 4

4 cottage categories

Confort, Premier, VIP and Style

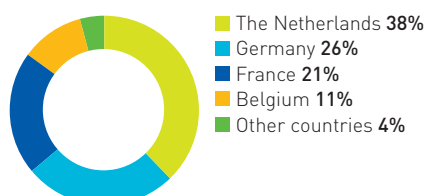
Village types

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

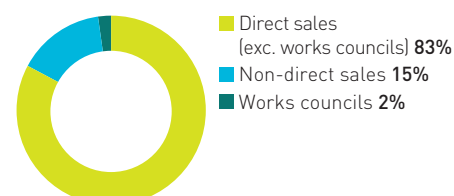
To reconnect naturally

SPECIALIST IN SHORT BREAKS IN THE COUNTRYSIDE

Accommodation turnover by country of origin



Accommodation turnover by distribution channel



A LEADING CONCEPT IN NORTHERN EUROPE

Since its creation in the Netherlands in 1967, the Center Parcs concept has boasted market leadership in short breaks in northern Europe. Located in rural and lakeland settings, focused on well-being and nature, the villages enjoy high occupancy rates throughout the year, at 84% on average in Europe. Center Parcs' development strategy targets catchment areas of more than 5 million inhabitants in France, Germany, the Netherlands and Belgium. A major project is currently underway in France, in the Aisne region in Picardy, namely the Domaine du Lac d'Ailette. Construction of the new-generation Center Parcs village with 861 cottages was started at end-2005. With more than 60 sports and leisure activities and an Aqua Mundo of 5,200 square metres, it is set to be most innovative leisure village in Europe. Finally, the project for a fourth French Center Parcs in Moselle was officialised in June 2006, with the opening planned for 2010.

INTERNET SALES RAPIDLY EXPANDING

Center Parcs continues to focus on the Internet as a means of developing brand awareness and sales. New virtual visits providing guided tours of the villages were put on-line during 2006. Theme-based offerings and discounts favouring early bookings ("Early Bird") were also launched. Finally, two new special offer systems were made available to Dutch Internet users, namely "Crazy Wednesday", offering deals every Wednesday between 8 and 12 in the morning, and the "Deal of the Day" every day.

The wild river



NEW IN 2006

Leisure programmes for the different generations of guests were highly successful in 2006. This was the case of the Wannabe programme for children, an activity based on children acting out a job they would like to do later in life. Each village has its own theme, such as "I Wannabe an Indian, or a teacher, or a fireman, etc.". Other activities, such as circus training, Bingo for children and water games also went down well. For teenagers, Center Parcs was the first in Europe to offer magnetic climbing activities using magnets on arms and legs. Finally, seniors continued to enjoy activities offered to them such as yoga, Nordic walking, and "Aqarobics". In order to better meet visitor requirements, the catering offering was also expanded in 2006. New breakfast and buffet formulas were created based on the fitness and well-being theme.



property development



PIERRE & VACANCES DÉVELOPPEMENT FRANCE INTERNATIONAL

PIERRE & VACANCES PROMOTION IMMOBILIÈRE

PIERRE & VACANCES CONSEIL IMMOBILIER



CONSTANTLY ENHANCING THE OFFERING

In order to bolster the presence of its various banners and meet the changing requirements of its tourist clients, Pierre & Vacances has implemented a dynamic property development policy. In 2005/2006, turnover from the group's property development business leapt 50% to 418 million euros. Property reservations totalled 448 million euros including VAT, equivalent to the level posted in 2004/2005.

INTEGRATED KNOW-HOW AT THE SERVICE OF TOURISM

The group's property division has three subsidiaries: Pierre & Vacances Développement France International (PVDFI), Pierre & Vacances Promotion Immobilière (PVPI) and Pierre & Vacances Conseil Immobilier (PVCi). As such, the Pierre & Vacances Group boasts an integrated chain of expertise in all property businesses, from authentication and design to management of the construction of the properties and marketing to investors, with turn-key delivery to operators in the tourism division. This business integration enables the group to anticipate changes in tourist requirements and consumer habits. It also enables excellent quality control and standardisation of products at the various banners.

• Pierre et Vacances Développement France et International (PVDFI)

handles the group's property development by acquiring land for construction and, in partnership with the group's development division, looks for buildings, local partners for projects and acquisitions opportunities. In collaboration with the tourism teams, the team of 10 or so members is currently working on opportunities to build residences in Morocco and Spain, and for Pierre & Vacances City, in European cities.

• Pierre & Vacances Promotion Immobilière (PVPI)

designs and implements the group's property operations (new and renovation) and oversees construction works. The team has 18 directors, development managers and site foremen working on projects. Their know-how and experience is a guarantee of the success of the group's property programmes.

• Pierre & Vacances Conseil Immobilier (PVCi)

markets apartments and homes to investors and individuals via a network of more than 80 exclusive property advisers in France, the UK and Spain, as well as with independent advisers (banking networks, portfolio managers and specialised bodies). PVCi offers a comprehensive service to investors, providing advice on taxation, financing and reselling, thereby freeing investors of all restrictions associated with their acquisition.

In order to meet client demand in terms of credit backing or portfolio diversification, PVCi now offers a life-insurance contract in partnership with Cardif, part of the BNP Paribas group, which ranks among the world's leading insurance groups.



Two flagship projects in 2006

In spring 2007, Pierre & Vacances City is set to open the new Paris-based apparthôtel, Paris Tour Eiffel, housing 375 apartments. The prestigious building has been entirely made over by architects Valode and Pistres, and is located in the 15th district of Paris along the Seine. It adds to the 15 apparthôtels already operating. Center Parcs has kicked-off a new generation of villages with the Domaine du Lac d'Ailette, village in the Aisne region. The domain is set to house 861 cottages, an Aqua Mundo, the largest and most innovative water dome in Europe, as well as a 3,000 m² sports hall, theme restaurants, several stores and a congress and seminar centre. Work on facilities started in 2006.

PIERRE & VACANCES PROPERTY DEVELOPMENT

Pierre & Vacances develops property projects according to strict prudential rules. For 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 and construction work only begins once a minimum of 60% of the apartments have been pre-sold. Finally, the group systematically 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. New and renovated apartments are marketed under two main sales formulas :

- Financial Ownership, which provides investors an annual rental income in cash over a nine-year leaseback period;
- Ownership Plus Holidays, which offers buyers the possibility of combining guaranteed rental income net of charges (excluding property tax) and personal use of the property.

ADVANTAGEOUS TAXATION

In several European countries, regulations encourage investments in tourism residences. France is no exception and tax benefits are granted to buy-to-let investors, who can reclaim the VAT paid (one 20th a year) if they entrust management of the property to a single operator and on condition that the property is classified as a tourism residence, used as tourist accommodation, subject to a minimum lease agreement of nine years and marketed abroad. New tax rules on building works mean buy-to-let owners of apartments in tourism residences where renovation work is carried out can benefit under certain conditions from a tax reduction of 20% over six years, up to a maximum of 100,000 euros for a married couple. The acquisition of Pierre & Vacances tourism apartments in Spain also provides a VAT refund, which makes the investment equally as attractive.

In the UK, Self Invested Personal Pensions (SIPPs) now enable individuals aiming to save for their retirement to invest in property in and outside the UK, while paying no tax on rental income and capital gains. PSCI leads the field, with the first packaged offering enabling the purchase of a tourism apartment via an SIPP.

Architectural detail Pierre & Vacances Village – Belle Dune



MEETINGS NEW DEMANDS

As expectations and requirements of European buyers are changing, the group's property offering fits perfectly with major trends currently in place. As such, the products developed by the group now respond to an increasing demand by European citizens to invest in their retirement, with an approach combining practicality, in the form of a financial placement, and pleasure, in the form of a holiday home.

Investment criteria are also changing, with buyers now increasingly aware of sustainable development issues and environmental protection. As such, the group's positions and commitments are an advantage. All of the moves implemented by the group (ISO 14001 certification at Center Parcs, partnership with the WWF, HQE status at the Domaine Lac d'Ailette village) are a plus point for investors.

CHOICE OF TAX POSSIBILITIES IN FRANCE

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 who are registered as a company and have annual revenues of at least 23,000 euros including VAT to:

- either create or develop an asset portfolio via regular savings, rental income and tax savings generated by the tax status;
- or receive guaranteed regular income.

In both cases, investors benefit from tax breaks in terms of wealth, capital gains and in inheritance taxes, as well as long-term income tax.

3

THE “RURAL RENEWAL ZONE” INITIATIVE

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

4

RENOVATION TAX CREDIT

The acquisition of an apartment destined for rental in a tourism residence provides investors, under certain conditions (construction completed before 1989) and in certain regions, a tax credit of 20% spread over six years and calculated on the cost price of the apartment plus the cost of works, up to a threshold of 100,000 euros for a married couple.

sustainable development

IN 2006, THE GROUP STRENGTHENED
ITS COMMITMENT TO SUSTAINABLE
DEVELOPMENT BY:

- FORMALISING A FRAMEWORK POLICY
FOR THE GROUP'S ENVIRONMENTAL
ACTIONS;
- INCREASING RESOURCES BY PUTTING
TWO PEOPLE IN PLACE TO PILOT THE
ENVIRONMENTAL APPROACH WITHIN
THE RESEARCH AND INNOVATION
MANAGEMENT TEAM.

For this second year of reporting, the group worked on improving the quantity and quality of indicators and extending their scope in order to cover its main activities according to the commitments expressed in the Charter⁽¹⁾.

COMMITMENT



INTEGRATING
ENVIRONMENTAL
RECOMMENDATIONS
INTO THE DESIGN,
CONSTRUCTION
AND RENOVATION
OF OUR SITES

Integration of environmental requirements in specifications

Subsidiary Pierre & Vacances Promotion Immobilière (PVPI) has implemented a detailed set of specifications aimed at guaranteeing the integration of environmental recommendations in construction projects (new and renovation). Destined primarily for the programme leaders, these recommendations are also set to be gradually integrated into the specifications given to architects, construction companies, etc.

Six main subjects have been selected (water, waste, energy, countryside and biodiversity, building materials and construction sites) and guidelines have been established for each of these, in terms of both equipment and the studies to be carried out upstream of the projects. Work undertaken in partnership with the sustainable development and technical and product managers at PVPI should help round out these facilities as experience is gathered and practices gradually improved.

(1) Internal Charter available on our website at:
<http://www.pierre-et-vacances.com/ftp/www/fr.html>



First results of the level of integration of environmental practices applicable to projects delivered this year:

Scope of operations delivered in 2005/2006 ⁽¹⁾	5 new operations	9 operations being renovated	Total of 14 operations
Use of energy-saving light bulbs in apartments	1 (bathroom and corridor)	2	3 i.e. 21%
Use of movement detectors and timers in corridors	5	4	9 i.e. 79%
Use of class A electrical goods	5	9	14 i.e. 100%
Installation of water-saving showers (less than 12l/minute)	3	7	10 i.e. 71%
Installation of water-savers in wash-basin taps (less than 10l/minute)	4	7	11 i.e. 79%
Use of double capacity toilet flush systems	5	9	14 i.e. 100%
Use of waste-sorting bins in apartments	5	5	10 i.e. 71%

(1) In 2005/2006, almost half of the programmes were delivered before the specifications were implemented. A more comprehensive reporting system is to be implemented next year.

Launch of a pilot operation enabling the testing of new practices

The environmental approach is also underpinned by the temporary launch of pilot operations allowing more in-depth exploration of specific area and the testing of tools, which could then be used for wider-scale roll-out. The building site for the new Center Parcs village – the Domaine du Lac d'Ailette is an example of this approach in that it is a pilot operation for the French environmental standard (HQE), certified by the Scientific and Technical Construction Centre (French CSTB). The group is currently considering ways of integrating specific requirements for all of its buildings works in terms of waste sorting and control of pollution risks.

Center Parcs – Domaine du Lac d'Ailette – Aisne building site



Green building construction at Ailette

Adoption of a green building charter (charte Chantier Vert) and recruitment of an environment quality manager, assisted by two supervisory agents: regular repairs to fencing, prevention of pollution (decanting pool, anti-hydrocarbons drip kit), cleaning up of building site thanks to cleaning campaigns, making players aware (daily round of "green men", upstream meeting providing multi-lingual leaflet on sorting and systematic information on the HQE approach by new companies starting work at the building site), waste: pre-sorting of waste by companies and two sorting zones. Between January and October 2006, the waste sorting approach already enabled the recycling of 1,380 tonnes of waste and saved €36,000.

Two major work focuses for 2006/2007: wood and energy

• Wood:

This year, the Pierre & Vacances Group chose wood construction for three experimental projects, including two Center Parcs. Wood is an advantageous building material for ease of use and ecological factors, on condition that certain precautions are taken concerning the choice of species, their origins and the type of treatment used. In order to better understand these challenges, the group has created a project with the WWF.

Aim 1: to promote the traceability of resources by continuing to list all of the species used and their origins.

Aim 2: integrating into specifications requirements concerning the choice of species in order to avoid the use of species at threat and promote the use of certified species

Aim 3: establish a wood purchasing guide for programme managers.

To start with, an inventory was taken for all wood orders made for operations delivered in 2006. Obtaining information has proved difficult, particularly for orders involving a large number of intermediaries or for composite products (e.g. furniture). The results obtained show how important this task is: the origins of only 33% of the wood ordered could be traced and one operation showed use of PEFC (Programme for the Endorsement of Forest Certification schemes) certified wood: The Rouret in Ardèche region.

Philippe Delétain, head of the WWF's Forestry Mission

"The inventory work started by Pierre & Vacances is an important first stage and should be continued. However, beyond this, the group will still need to make its buyers aware of these issues and give a clear and educational message to suppliers and construction consultants on the legality and traceability of supplies. A strong signal should also be given on certification of the wood used, with for example, use of FSC wood (Forest Stewardship Council) in pilot operations."

• Energy:

Recent regulatory changes such as RT 2005 (new thermal regulations for new buildings in place since September 1st 2006), are genuine opportunities for enabling the integration of practices aimed at improving energy efficiency in buildings. However, RT 2005 concerns new buildings and not renovation work, which present almost 60% of the group's business and for which equivalent requirements need to be guaranteed in terms of the solutions put in place. Studies are underway in order to better understand the concrete implications of these new regulations and construction methods and to guarantee the integration of these issues upstream of projects in order to control costs. In addition, training on the subject is planned for the programme managers.

Beyond regulatory requirements, the group hopes to promote the use of renewable energies at its sites. A feasibility study for installation of thermal solar panels was carried out for a central building at the Belle Dune

pilot site and work is due to start in March 2007 for the installation of 60 m² of solar panels set to cover 50% of hot water requirements.

COMMITMENT



ASSURING CONSTANT IMPROVEMENT OF ENVIRONMENTAL MANAGEMENT AT THE VILLAGES, RESIDENCES AND HOTELS OPERATED

The technical management team's consumption control policy

Among the actions undertaken this year to materialise the group's commitment to limiting water and energy consumption, we would note:

1) the installation of water-saving equipment on 14 sites (showers and wash-basins). For an initial investment of 87,732 euros, this action has already saved 37,859 m³ of water (i.e. 45,278 euros over six months).

2) the annual Energy challenge launched in 2004 for all the technical managers, in order to make them aware of energy control issue. In 2005, the aim was to limit the rise in energy costs to half of the prospective increase in frequency. This target was reached. In terms of resource consumption, note the overall fall of 5% in electricity consumption per night stay for the Pierre & Vacances Group as a whole (see table page 34) and a decline of some 20% in water consumption per night stay (thanks in particular to water-saving equipment, a more active leakage control policy, etc.). In terms of reporting, full-year consolidation of environmental indicators this year (kWh and m³) cover a more complete scope. However, the aim for 2006/2007 is to install facilities for reporting monthly water and electricity consumption by unit, at all sites. As part of the Energy challenge, this should also help reward teams according to the savings produced in terms of actual resource consumption, rather than the corresponding cost.

The pilot approach launched by Hôtels Latitudes

A pilot environmental management project has been initiated at Hôtels Latitudes. After a half-day of training (involving all of the hotel directors and technical managers), and a complete environmental inventory of the sites, a Green Team was created to animate the project (propose action plans, marketing, monitoring of progress achieved, etc.).

The targets set for 2006/2007 concern:

- the implementation of an environmental training plan destined for staff in place at each hotel;
- the integration into annual targets for site directors of criteria concerning animation of the environmental project at their hotel;
- the identification of investments necessary to roll out

Main environmental indicators

Electricity

BRAND	2004			2005			2006		
	TOTAL KWH	KWH/ NIGHT STAY ⁽¹⁾	NO. SITES	TOTAL KWH	KWH/ NIGHT STAY ⁽¹⁾	NO. SITES	TOTAL KWH	KWH/ NIGHT STAY ⁽¹⁾	NO. SITES
Maeva	44,645,771	33.71	81	42,899,463	36.33	78	41,763,861	34.53	80
Pierre & Vacances	87,975,828	33.39	87	96,512,196	35.06	90	110,337,721	36.32	93
Résidences MGM	4,183,667	34.10	11	4,976,753	36.41	11	4,235,365	31.59	10
Hôtels Latitudes	10,458,704	67.14	11	8,995,289	60.55	10	10,974,698	57.86	10
TOTAL	147,263,969	42.09	189	153,383,701	42.08	189	167,311,646	40.07	193

Water

BRAND	2004			2005			2006		
	TOTAL M ³	M ³ / NIGHT STAY ⁽¹⁾	NO. SITES	TOTAL M ³	M ³ / NIGHT STAY ⁽¹⁾	NO. SITES	TOTAL M ³	M ³ / NIGHT STAY ⁽¹⁾	NO. SITES
Maeva	664,399	0.66	63	476,090	0.54	61	602,319	0.53	76
Pierre & Vacances	1,244,445	0.70	57	1,147,356	0.68	57	2,233,564	0.72	96
Résidences MGM	77,143	0.63	11	86,586	0.64	11	75,026	0.56	10
Hôtels Latitudes	201,422	1.29	11	268,827	1.66	11	183,516	0.97	10
TOTAL	2,187,409	0.82	142	1,978,860	0.88	140	3,094,425	0.70	192

(1) Night stay = number of weeks sold x 7.

the priority actions identified at each site by the inventory (general use of movement detectors in corridors, water-saving equipment, sorting bins in rooms, etc.).

Environmental management at Center Parcs

As part of the ISO 14001 certification renewed each year at all of the sites since 1999, Center Parcs has an active energy management policy. Actions implemented this year included:

- the installation of energy-saving lights in 30% of accommodation;
- the installation of a thermostat enabling automatic heating adjustment in the accommodation depending on the occupancy level (the first stage of roll-out concerns six sites out of the 16 Center Parcs in 2006);
- an audit on energy management at the Belgian and Dutch sites (representing 70% of the Center Parcs network), the results of which are expected in 2007;
- a motivation campaign (implemented each year) in order to make technical teams aware of energy savings.

Targets for next year concern:

- the further installation of thermostats and energy-saving light bulbs;
- the ISO 14001 certification at the new Center Parcs delivered in 2007 in the Aisne region.

COMMITMENT



INCITING
EACH CORPORATE
DIVISION
TO MAKE COMMITMENTS
WITH DETAILED
TARGETS AND
MOBILISE STAFF

At the same time as the moves undertaken by the various group divisions, efforts also focus on awareness for staff at head office and in group-wide services such as marketing and communication.

Key event

Center Parcs' Belgian and Dutch sites, which were labelled by the MilieuBarometer (Gold level) at the same time as obtaining ISO 14001 certification, are now set to carry the Green Key label. Indeed, since January 1st 2006, the Green Key environmental management label for tourism accommodation, (historically launched in the Netherlands) now replaces the national Dutch label (MilieuBarometer).

Evolution of energy consumption in Center Parcs Europe

	2004 (15 sites)		2005 (15 sites)		2006 (16 sites)	
	KWH/YEAR	KWH/ NIGHT STAY ⁽¹⁾	KWH/YEAR	KWH/ NIGHT STAY ⁽¹⁾	KWH/YEAR	KWH/ NIGHT STAY ⁽¹⁾
Electricity	86,465,055	6.69	96,615,994	7.98	98,524,000	8.03
Gas	473,363,518	36.65	465,116,015	38.41	449,927,750	36.67

Standard breakdown of consumption

	Accommodation	Shops	Aqua dome	Other buildings
Electricity	43%	8%	42%	7%
Gas	36%	14%	43%	7%

Evolution of water consumption in Center Parcs Europe

	2004 (15 sites)		2005 (15 sites)		2006 (16 sites)	
	M ³ /AN	M ³ /NIGHT STAY ⁽¹⁾	M ³ /AN	M ³ /NIGHT STAY ⁽¹⁾	M ³ /AN	M ³ /NIGHT STAY ⁽¹⁾
Water	2,557,560	0.20	2,337,130	0.19	2,276,372	0.19

Standard breakdown of consumption

	Accommodation	Shops	Aqua dome	Other buildings
Water	59%	10%	27%	4%

(1) Night stay = number of nights sold.

Staff awareness tools

Annual sustainable development day at the head office

As part of the Sustainable Development Week and in partnership with the WWF, the group has organised a day for staff awareness on the aims of the sustainable development mission at its Paris head office for the past two years. This year, social aspects were enhanced with the participation of the Solidarity Handicap mission.

Chlorophylle: internal newsletter on sustainable development

Launched in September 2005, this quarterly newsletter provides a progress report on the group's sustainable development projects and regularly updates staff on current themes concerning the subject.

Paper: waste prevention!

Since May 2005, the monthly balance of paper consumption is regularly posted in printing rooms in order to make staff aware of paper usage. Over the past six months, paper consumption has dropped 31%. In addition, one-off moves to collect and recycle paper and old brochures are regularly carried out at the head office. This year, 180 tonnes of brochures, printed sheets and other used paper were recycled.

Finally, the group organised an information meeting to make marketing and communication teams aware of eco-communication practices. Positive initiatives are beginning to emerge such as the printing of internal communication tools on recycled or FSC-certified paper, or use of printers that are ISO 14001 certified or carry the Imprim'vert banner.

Projects for 2006/2007

In order to step up awareness actions, the next step is the publication of a green behaviour guide in the office, developed as part of the partnership with the WWF. This guide is to be distributed to all employees as part of the implementation of waste-sorting in offices. In addition, specific information on sustainable development is planned as part of the new employee integration modules.

Water and electricity consumption at head office (928 staff)

	2005	2006
Water consumption⁽¹⁾		
Total (m ³)	8,579.66	9,120.03

(1) Water consumption primarily covers bathroom requirements, the various water points and the air-conditioning system.

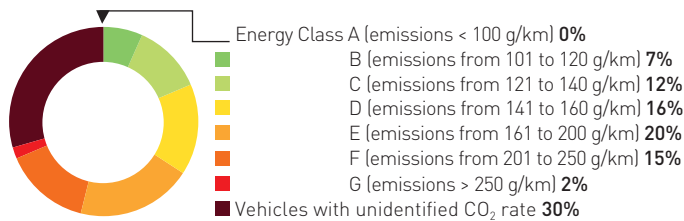
	2005	2006
Electricity consumption⁽¹⁾		
Total (kWh)	1,425,500	1,411,547
Consumption per m ² (kWh/m ²)	115.36	114.23

(1) Electricity consumption covers the IT, electricity, lighting, heating and air-conditioning requirements.

First environmental results of Pierre & Vacances vehicle fleet (about 300 vehicles)

The results of the first assessment of the energy classes of the group's vehicle fleet highlighted the lack of visibility on CO₂ emission rates for a large portion of our vehicles. The group has therefore pledged to increase the portion of class A, B and C vehicles to at least 30% of the entire fleet next year. A provision for CO₂ emissions has therefore been integrated to the vehicle allotment grid.

Distribution of the group's vehicles according to their rate of CO₂ emissions



COMMITMENT



PROMPTING
PARTNERS TO MAKE
COMMITMENTS
ALONGSIDE
THE GROUP

This year the priority for mobilising partners was focused on suppliers. The task was aided by the sharing of resources between Center Parcs and Pierre & Vacances and the roll-out of new management software.

Development of tools to increase supplier awareness and assessment

In order to assess the extent to which environmental issues are integrated at the group's suppliers, the first stage was to extend the questionnaire provided for ISO 14001 certification at Center Parcs to Pierre & Vacances. The first companies concerned were the cleaning and laundry companies, the major contract suppliers and suppliers generating sales of more than 15,000 euros with the group (representing 65% of total purchases volume). This questionnaire is now also systematically included in all of our invitations to tender.

	NO. OF QUESTIONNAIRES SENT BY E-MAIL	SHARE OF TOTAL NO. OF SUPPLIERS	NO. OF RESPONSES RECEIVED
Center Parcs	436	7%	115 e.i. 26%
Pierre & Vacances	129	8%	40 e.i. 31%

Next year, the aim is to increase the number of questionnaires sent out (to reach a minimum of 10% of suppliers covered) and to send it systematically to all new suppliers.

For the group, this implies:

- providing the means to obtain a response rate of at least 50% (e.g. defining corrective actions in the case of a systematic non-reply);
- establishing an action plan aimed at accompanying suppliers with the lowest scores;
- imposing a minimum score for all companies chosen following invitations to tender.

Individualised action plans for each buyer

In partnership with the team in charge of sustainable development and further to the ISO 14001 certification approach, an individual action plan by buyer is now defined on an annual basis.

The main achievements in 2005/2006 were:

- 1) the switch to eco-labelled cleaning products containing renewable and biodegradable substances for cleaning of accommodation, as well as training of cleaning staff in order to guarantee efficient use of products;
- 2) the creation of a partnership with brands of ecological household cleaning products and detergents for renewal of cleaning kits provided to customers on their arrival.



The areas of priority for next year are:

- packaging (recycling and reduction),
- washing powders made available in laundrettes (replacement with environmentally-friendly products),
- disposable products (reduction and referencing of recycled or biodegradable product),
- laundry companies (creation of environmental specifications),
- furniture (creation of environmental specifications in partnership with technical management).

COMMITMENT



INFORMING CLIENTS AND MAKING THEM AWARE OF ENVIRONMENTAL RESPECT

Making clients aware of environmental respect is at the heart of Pierre & Vacances' partnership with the WWF. The aim is to make holidaymakers aware of the environmental challenges facing the group at present and in coming years, while prompting daily gestures aimed at limiting the group's impact on the environment and saving energy.

Village animation

In 2005, the first year of the partnership, actions were focused on promoting awareness for children, who are the key to changing lifestyles today (as part of their family) and tomorrow (in their own adult life). The events organised at the Childrens' Clubs in the group's villages reached some 5,600 children. Since the success of these actions depends on the motivation of animators, this year, the group worked with the WWF on training sessions for Childrens' Club managers in order to guarantee better knowledge of the NGO, and also a good understanding of the environmental challenges facing the planet. As such, the actions organised in the villages this year included workshops as part of the weekly animation programme and evening events for all the family with the participation of a WWF voluntary worker. Feedback showed that these actions went down well with holidaymakers. Around 6,900 children took part in nature activities and around 1,200 guests participated in the evening events.

Mobilisation of various communication media

Communication actions were extended to all family members with messages transmitted via *ad hoc* or existing communication media, throughout the "client journey" (i.e. before departure, on arrival and during the holiday): educational/fun activities for children in Pierre & Vacances agencies, a communication page in the brochure and the travel package with a zoom on eco-gestures, a leaflet on eco-gesture awareness in rooms, *Panda magazine* made available in the village clubs, etc.

Our aims for next year are to:

- continue actions with children in the Childrens' Clubs;
- bolster communication on eco-gestures in apartments at the sites;
- multiply information on challenges and actions in all communication media (brochures, travel packages, etc.).

Discovering biodiversity

The main aim of the WWF is to preserve biodiversity on a world scale. Some Pierre & Vacances sites are located in regions of outstanding natural beauty, rich in fauna and flora, and the group now intends to value this by prompting clients to explore this biodiversity. This approach started last year with the creation of a nature footpath at the Belle Dune site, in partnership with local players. It was inaugurated in September with 10 interactive discovery points.

Location of Pierre & Vacances sites relative to regions of outstanding natural beauty in France

- 39 residences/hotels are located in a Regional Natural Park, or less than 25 km from it.
- 84 residences/hotels are located in a National Natural Park, or less than 25 km from it.
- 14 residences/hotels are located 25 km or less from a classified natural site⁽¹⁾.

(1) Natural site whose outstanding landscaped, artistic, historical, scientific, legendary and picturesque interest, warrants a qualitative monitoring in the form of prior permission for building works likely to modify the state or appearance of the protected land.

Human resources

IN TERMS OF HUMAN RESOURCES,
THE PIERRE & VACANCES GROUP FAVOURS
AN INNOVATIVE STANCE IN ALL AREAS,
UNDERPINNED BY RECOGNISED PARTNERS.



Diversity, a choice for the future

As a signatory member of a Diversity Charter and its belonging to the French Association for Talent Promotion and the Institute for Management Solidarity (IMS), Pierre & Vacances strives permanently to diversify its recruitment sources. Indeed, for the group, the variety of its staff profiles is a source of wealth. This diversity also reflects that of Pierre & Vacances' clients and in an increasingly strained recruitment market, is a means of preparing for the future. As such, diversity is both a responsible commitment and an opportunity. In order to promote diversity, the group is expanding in several areas: it has a partnership with French anti-racism group SOS Racisme and the AFIJ association for the integration of young foreign graduates, as well as a partnership with humanity association, Résonance Humanitaire, a benchmark in Europe for re-incorporating humanitarian aid workers into corporate life. Finally, in 2006, the group bolstered its commitment to disabled employees.

Solidarité Handicap (Disabled Solidarity), a strong commitment



Between 2004 and 2006, the Pierre & Vacances Group signed three corporate agreements favouring recruitment of disabled employees, covering all of the group's units. The agreements all have the same commitments to recruitment, job maintenance and partnerships with the protected sector. The Solidarité Handicap mission was created when the first agreement was signed. It now has three team members and aims to accompany employees and managers in the moves encouraged by the agreement. The aim has prompted a higher disabled worker employment rate.

The three reflexes of the Pierre & Vacances Group

Group-wide specific communication measures have been implemented, including information meetings, workshops on disability awareness, posters in offices, publication of articles in internal reviews and the distribution of a pamphlet entitled "Le Réflexe Handicap" (Disabled Reflex).



REFLEX 1

I AM NOT SCARED
TO TALK ABOUT IT

The disability is only a disability if it is not discussed.

The Solidarité Handicap mission helps all employees faced with a disability issue to obtain financial aid in adapting to their position and training. Each situation has a specific solution.

REFLEX 2

I MAKE NO DIFFERENCES

The group's difference is that its managers make no differences in recruitment and in their teams.

To help the integration process, the Solidarité Handicap mission helps managers make their teams aware, take on job adaptation requirements and advise on working hour arrangements.

REFLEX 3

I SHOW MY SOLIDARITY

There is no disability, there are only workers and their skills.

Giving orders to suppliers in the protected sector, is also a means of showing solidarity to the insertion of disabled people into the workplace. The group has already created a list of these suppliers in its purchasing management software.

Apprenticeship and professional training contract

In order to attract young workers to its extremely varied businesses, the group has signed an Apprenticeship Charter (*Charte de l'apprentissage*), and focuses on this favoured training method and on professional training.

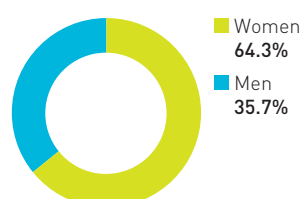
The tourism division has implemented a pro-active professional training policy aimed at workers under 26 years of age and offering a opportunity for training in its businesses (receptionists, housekeepers, tourist welcome staff, with options in animation, evening events, dancing or circus) via apprenticeship and professional training contracts.

Anticipating staff adaptation

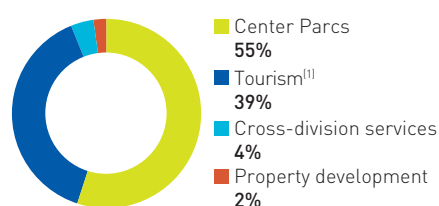
The group faced economic difficulties at the end of 2005 and implemented a recovery programmed entitled "DEFI 2006/2007" aimed at transforming the company operating methods. In order to manage the consequences of the programme in terms of employment, the group's human resources department opted for an innovative approach, rather than a traditional restructuring plan.



Breakdown women/men

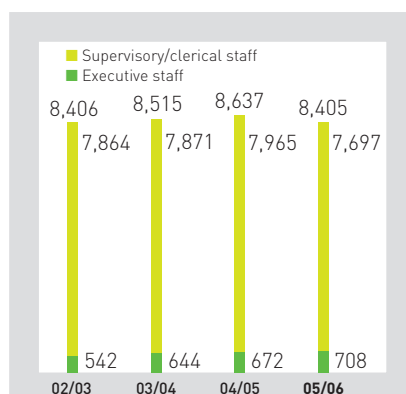
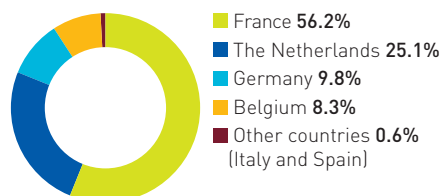


Headcount by entity

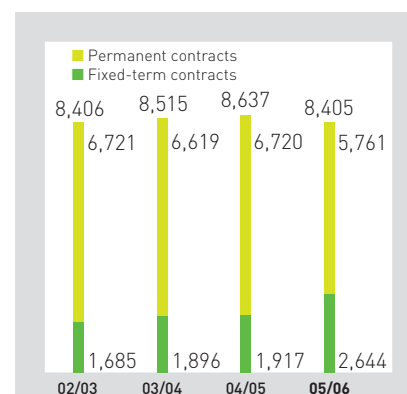


(1) Pierre & Vacances, Pierre & Vacances City, Maeva, Résidences MGM, Hôtels Latitudes.

Headcount by country



Breakdown of headcount by category



Breakdown of headcount by contract

Several method agreements including employment and skill management measures were therefore signed with trade unions in the group's various units. These agreements helped anticipate and prepare the changes gradually, firstly by identifying the services concerned (primarily the tourism business and support services), and then the staff. Several options were then proposed to employees: training with a view to a change in career, internal mobility, personal business creation plans, outplacement, working-hour arrangements, etc. A specific internal and external mobility unit was created, named "Espace DEFI Compétences" in order to inform and advise employees, while a link was established with the jobs created by the opening of the Center Parcs village: the Domaine du Lac d'Ailette. This move enabled a number of employees to create their own company.

Forward-looking Management of Employment and Skills (GPEC)⁽¹⁾

Developing employee skills remains a strategic priority for the group's human resources department.

The project was started in 2003 and is now being consolidated. New normalised management methods were developed in 2006 helping to better accompany managers and employees on a daily basis:

- in their career path: the operating roll-out of a career management policy based on objective factors (performance and skills), provides employees the means to direct their own career progression;
- in their management: the creation of a management cursus means each manager can participate in a collective approach to improving their managerial practices;
- during assessment interviews: with a direct link to employment and skill reference systems, the new interview framework helps identify individual skills, take note of the employee's development hopes and individual training requirements.

Overview of moves in 2006

Training

As part of the framework to overhaul the professional training system, the various group units implemented the Individual Right to Training measure (droit individuel à la formation-DIF), aimed at helping employees in various skill development projects. Under this framework, language training actions enjoyed a huge success.

Internet Website

As part of the make-over of the group's Internet site, a section dedicated to human resources was created on the institutional Website. It sets out the main businesses of the Pierre & Vacances Group and enables users to send in job applications that are then sent to the various recruitment units at the group.

Social dialogue

After an experimental phase in setting up the group's European Works Council, a definitive agreement was signed in 2006. The Council has been renovated and now has more members and representatives from Center Parcs.

Local development

With the creation of a third village in France, the Domaine du Lac d'Ailette in the Aisne region, Center Parcs is set to become one of the main employers in the Picardy region of France.

690 jobs are being offered at a local level, primarily in the four business sectors: hotel, catering, retail sales and support services, and administration. Recruitment campaigns began in October 2006 for management positions and in December 2006 for other positions. In order to enable candidates to join Center Parcs, three types of training schemes have been proposed, financed in partnership with the conseil régional de Picardie (local authorities), the Assedic (unemployment agency) and Center Parcs: general training in the various businesses (hotel, catering, etc.), training in businesses specific to Center Parcs, and internal training at Center Parcs (HACCP (Hazard Analysis Critical Control Point), security, IT software, etc.).

(1) Gestion Prévisionnelle des Emplois et des Compétences.

<http://groupe.pierreenvacances.com>

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